



dukat®

Annual report

Lufra and Dukat 2021

December 2021





A review by the Company Executives

"Dear friends,

I would like to start this short summary of 2021 with a big appreciation to all the employees of the big family "Lufra", our collaborators and partners for the support and the hard-working farmers who offered us the raw material of maximum quality.

The year 2021 faced us with new challenges but also many opportunities to grow, expand and strengthen in the market. This year marked the beginning of exports to the United States of America, the expansion of the company 'Lufra' in Kosovo and the implementation of investments in improving the quality and our production standards. If you will remember many of you remember the beginning of this year with the Start of the NAV system. We can already say with pride that after a challenging year, with developments for the system we have managed to implement almost everything we had planned and we already have over 90% of the company's data digitized.

And as we continue to work with the same intensity and ambition to move forward, we always feel motivated by the trust of our customers who have been choosing Lufra for 29 years. I am sure that 2022 will bring more opportunities and more dreams will come true, so I would like to conclude with our vision statement: To make 'Made in Albania' products desired and trusted all over the world!

Mr. Luis Ndreka, CEO

Direct farm development

In addition to the formula for calculating the price for farmers, we have helped the direct development of more than 10 farms by directly financing them for necessary investments, to increase quality and production capacity.

Increased market demand

Despite the help to farmers and investments, the summer season had a higher demand than our forecasts and in order to meet the demand we purchased raw milk from prestigious international companies.

Work conditions

In addition to already having a clearer organizational structure than at the beginning of this year, where everyone knows their work and tasks, we have managed to significantly reduce employee turnover in almost every department. This is a very good clue which indicates a healthier work environment.





Digital System

We already have a secure and even more transparent digital compensation system for our farmers which encourages the continuous improvement of the quality and quantity of milk they produce and sell at Lufra.

Strategic investments



Exports to the US

Another strategic development during this year which makes a big step towards the realization of our mission, was the start of exports to the US followed by the opening of our branch in Pristina, Kosovo where we expect to start selling in the first days of January, 2022.

During this year, as promised in 2019, the new logistics park in Lushnje with new parking and service spaces is almost completed. We also made some new investments in production and packaging technology that are very important for the safety of products such as: Chron machine for the production of plastic bottles, new machine for filling yogurt with cups and new machine for packaging butter. These technological investments increase the safety of the product for the consumer, bringing us one step closer to our mission: "To make 'made in Albania' products desired and trusted all over the world".

**Brand
Awareness
91%**

For the first time we have measured the preferences of consumers for Lufra products and we are proud to tell you that due to the work of all teams in different departments, Lufra brand comes first in their minds when talking about dairy products at 91% of consumers.

Developments in the HR Department



During this year we developed policies to increase employee productivity and motivation at work. We also signed an agreement with the United Nations Population Fund of Albania (UNFPA) for family friendly environments.

We also must mention the agreements with the Private and State Universities, Professional Schools in Albania to help the development and employment of students through our internship programs.

Gender equality, meritocracy and hard work are what we value, and we make no distinction of gender, race, religion or physical ability in our employment process.

Employees
+265

Females in administrative
and laboratory roles
+55%

Our employees are one of the main pillars on which we rely for the smooth running of the work. Their training, motivation, career development tells a lot about our company. During this year the turnover rate of employees was significantly reduced and we can mention many success stories of employees who are part of the Lufra family almost since its genesis by gradually improving in their careers.

Training Programs



At Lufra, employee evaluation, motivation and talent development are among the key factors that differentiate us.

For this reason we have created a platform which contains training programs for employees of each department, with the aim of developing professional and interpersonal skills at work.

During 2021, the company "Lufra" developed more than 26 dedicated training programs, with foreign and domestic experts, which had an immediate impact on increasing productivity and job satisfaction.

During 2021

3120
Training hours



26 training programs

Technological developments

In the factory

Implementation of modern technology for the production of yogurt, butter and the production of packaging bottles. In 2021 we also have the expansion of a part of the factory which will serve for the production of new products.

In logistics

Creation a large space dedicated to parking, increase of the distribution channels and increase of the employment in this department.

Also in the refrigerated vans is installed a special technology for measuring the temperature and ensuring optimal conditions of the products.



Standard and quality

During this year we have successfully managed to change all the labels according to the new food labeling laws adapted to the European labeling laws, all this realized with the support of the new quality department structured this year.

The quality department is one more guarantee in our factory to control and ensure the quality of the finished products we produce.



01

91,9%

of the consumers when choosing Lufra products have Quality and Taste in mind!

02

50,2%

Of the consumers consume milk almost every day

03

82%

Of the consumers in our market research rate Tetratop milk as: Safe, ecological, fresh

+93%

Of the consumers in younger ages trust controlled and certified companies for food safety of dairy products, compared to dairy products which do not belong to a certain brand!

More awareness

We noticed an increase in awareness for healthy dairy products and for the nutritional values they contain and consumers are distancing themselves from unnatural products.

04

05

Consumer Preferences in 2021

Our vision

To make 'Made in Albania' products desired and trusted all over the world!

Our mission

To provide to the customers the healthiest and highest quality dairy products by supporting local farmers and working with ethics, transparency and reliability.

Our values

1

Consumer in the first place
Every decision is made with the consumer in mind

2

Cooperation and Unity - We are stronger together

3

Integrity
Every department in our company protects ethical principles, trust and transparency

4

Keeping promises
We are trustful

5

Justice
We always do what is right even if it could be difficult to accomplish it

6

Innovation and change
We are the initiators of innovation and we see beyond the horizon

7

Transparent
We are always transparent with our customers, farmers and partners by offering the highest quality products on the market

8

Team development
We work as a team and employee development is one of the pillars of our company

What does the future hold?

We are very optimistic about 2022! The geographical expansion in Kosovo and the increase of the range of products exported to the USA is only one of the objectives of 2022. We have planned to put some new products on the market which we believe will be welcomed by our customers with enthusiasm!

Certainly more collaborations with local and international partners, more friendly working policies and new investments that support our social responsibility programs. More support for farmers through is still 'secret', a very interesting project will be revealed in 2022!



President's letter

Our vision is to make 'Made in Albania' products desired and trusted all over the world!

We strongly believe in our vision and values.

Every department in our company protects ethical principles, trust and transparency. It is on these principles that our social responsibility programs are built. Keeping promises is an element that differentiates us in the market, we never break our promises!

Mr. Arben Ndreka





Dukat Company during 2021

"Dear friends,

The companies that in a short time manage to differentiate themselves from other older companies, especially in a market with high dynamics like that of water, are rare.

For the Dukat company, although still young in the market, 2021 marked a doubling of sales and employees. I would like to express my gratitude to all our associates, customers, employees and partners for the support provided. During this year we implemented the new financial system which facilitated the goods registration processes and automated many financial transactions.

In February 2021 we started our exports to Montenegro, where we were faced with a reality different from the Albanian market and we are expecting to start the exports to Kosovo. We received endless photos beyond the borders of satisfied customers trying the Dukat water, a miracle of Albanian nature.

Our professional sales team managed to expand the product distribution across the country. Also through numerous market research, we translated the voice of consumers into product developments, by improving the packaging of the 0.5L Dukat water bottle.

Mr. Franc Ndreka, CEO

Product improvements and increased market performance

In addition to providing mineral water, very valuable for health, the company itself has a special focus on supporting activities that promote best practices for better health. This is achieved by supporting events such as the Triathlon LeBeat in Shkodra which consisted of swimming, running and cycling contests.

Not only that, as "Dukat Water" has supported a number of popular entertainment activities in Albania. Events like Turtle Fest, Okla Fest or South Outdoor Festival mentioned here, made younger people, who have spent long summer nights in these activities, fall in love with our water.

What does the future holds?

We are very optimistic for the new year and our goal is to double Dukat water sales. Also in our plans is the increase of storage capacities, more training for sales, negotiation skills and development of staff for an innovative approach to the market and the customer.





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