

PRESS RELEASE

May 9th 2022

Papoutsanis: Strong performance for Q1 2022

Significant increase in turnover, very strong growth in exports and increased performance in hotel amenities, third parties contract manufacturing and sales of soap bases

Key financials for Q1 2022

- 45% increase in turnover compared to Q1 2021, reaching €14.9 million.
- Earnings before taxes stood at €1.1 million, compared to €0.7 million in the same quarter of 2021, up by 46%.
- Earnings after taxes reached €0.8 million compared to €0.5 million for the same period in 2021, marking a 40% improvement.
- Very strong year-on-year growth in exports (83%), which stood at €11.1 million, accounting for 74% of total turnover.

	Q1 2022	Q1 2021	Change
Turnover	€ 14.9 million	€ 10.3 million	45%
Gross Profit	€ 4.2 million	€ 3.0 million	42%
Earnings before taxes	€ 1.1 million	€ 0.7 million	46%
Earnings after taxes	€ 0.8 million	€ 0.5 million	40%

Mr. **Menelaos Tassopoulos**, CEO of Papoutsanis SA, commented:

“During Q1 2022, we achieved very good financial results and increased performance. Despite the ongoing challenges internationally, we continue to implement our business strategy, always aiming at continuous and steady growth.

The recovery of the hotel sales in Greece and abroad, Papoutsanis’ new product launches, the strengthening of existing collaborations and new partnerships with multinational customers, as well as the development of new soap base products support this effort. That is why, following a strong Q1, we are cautiously optimistic about the company’s performance for the rest of the year, without of course underestimating the risks posed by today’s highly volatile environment.”

Financial Overview

In Q1 2022, Papoutsanis' turnover increased by 45% to €14.9 million, up from €10.3 million in the same quarter of 2021.

This significant increase in turnover is due to the partial recovery of the hotel sales in Greece and abroad, as well as doubling of specialty soap bases exports and a boost in manufacturing for third parties.

Papoutsanis' exports amounted to €11.1 million, accounting for 74% of total turnover, marking a very strong growth of 83% compared to the same period last year.

Boosted by a 45% growth in sales and a reduction in production costs as a result of investments by Papoutsanis, gross profit reached €4.2 million, up from €3.0 million for the same period in 2021, improved by 42%. Gross profit margin decreased slightly to 28.2% compared to 28.7% in Q1 2021, mainly affected by the increase of raw material and energy costs.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) stood at €1.6 million compared to €1.2 million in Q1 2021, up by 35%.

Earnings before taxes, financial, investment, extraordinary non-recurring results and depreciation (adjusted EBITDA) amounted to €2.0 million compared to €1.2 million in Q1 2021, improved by 66%.

Earnings before taxes stood at €1.1 million, compared to €0.7 million in the same quarter of 2021, while earnings after taxes reached €0.8 million compared to €0.5 million for the same period in 2021, up by 40%.

It is noted that the results of the quarter have been burdened with a non-recurring, extraordinary loss, as this occurred after the issuance of the arbitration award regarding termination of cooperation with Elgeka SA, which until the end of 2020 distributed the company's branded products to large chains. The Company had already made provisions for this in the previous financial years. The amount charged in the current period is €384 thousand, without other charges being expected.

Overview by Business Segment

Branded products: Branded sales decreased marginally by 3% compared to a strong Q1 in 2021 coinciding with the Company's beginning to provide direct service to large retail chains. Moreover, in Q1 2022 there was a marked downtrend in the overall retail market relative to the same period last year. In the first two months of 2022, the markets in which Papoutsanis is active recorded an 8% decline, while the outlook for March is also negative. Papoutsanis has significantly grown its market share in these product categories, making up for almost all of the decrease



originating from shrinking consumer demand. The company is looking forward to a dynamic 2nd quarter, with the relaunch of an iconic brand, its entry into new categories and innovative eco-friendly products.

Hotel amenities: There was a significant rise in sales by 570%, compared to 2021. At the same period last year, this segment was at very low levels due to the pandemic, while this year, sales have seen a boost both in Greece and in foreign markets.

Third party manufacturing (industrial sales, private label products): Sales were up by 14% from 2021. This increase was due to further strengthening of partnerships with multinationals for the manufacturing of their products, enhanced customer base and ongoing expansion of the product range offered by Papoutsanis.

Industrial sales of soap bases: This segment increased by 106% in 2022, mainly due to exports. This growth is the result of the Company's established position as one of the key suppliers of specialty soap bases on the international market, its expanded customer base and continued efforts to further enhance the product range offered. Moreover, a new soap base production unit was completed and became operational in H2 2021, doubling the Company's production capacity in this line of products. At the same time, the marketing of synthetic soap bases used in more eco-friendly natural products has already begun.

Business Outlook

During the first quarter of 2022, despite the ever-worsening international business environment due to problems concerning the cost and availability of raw and packaging materials, energy and transport costs, the ongoing COVID-19 concerns and the war in Ukraine, the company experienced strong growth and further improved its financial performance.

The company will continue to make concerted efforts to deal with the constantly and unexpectedly changing economic environment and to serve its customers in Greece and abroad in the best possible way, while implementing its overall growth strategy aiming to achieve double-digit growth with healthy profitability for yet another year.