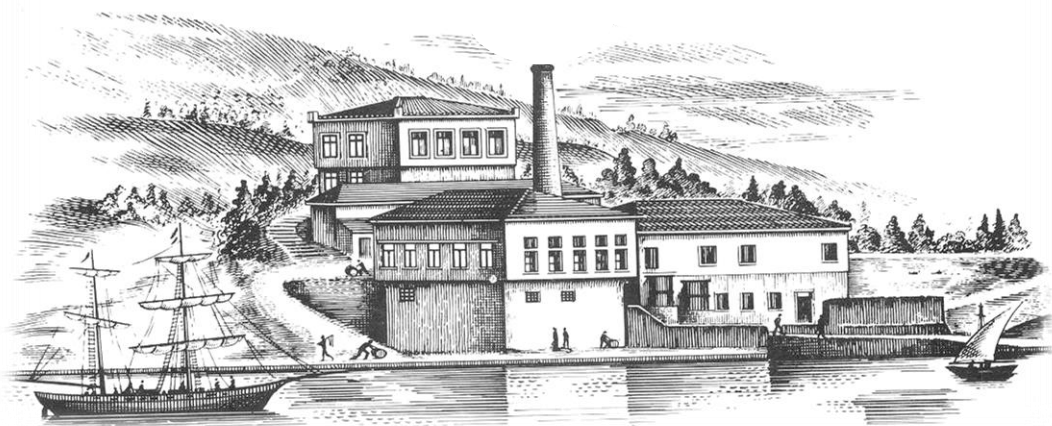




# PAPOUTSANIS S.A.

## CONDENSED FINANCIAL INFORMATION

For the period ended on  
30 September 2022 (01/01/2022 – 30/09/2022)



*Consumer Goods Industrial and Commercial Societe Anonyme  
G.C.R. No. 121914222000  
71st km Athens-Lamia National Road, Vathi Avlida, Halkida*

**Summary of Interim Consolidated Financial Statement**

	GROUP		COMPANY	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	45,666,810	39,554,676	44,039,409	39,554,676
Investment properties	226,707	226,707	226,707	226,707
Intangible assets	1,414,280	249,219	304,280	249,219
Investments in subsidiaries and affiliated companies	-	-	2,350,000	-
Financial assets valued at fair value through statement of comprehensive income	100,000	-	100,000	-
Provisional Goodwill	1,274,398	-	-	-
Derivative financial assets	466,530	-	466,530	-
Long-term assets	68,003	39,646	26,679	39,646
	<b>49,216,729</b>	<b>40,070,249</b>	<b>47,513,605</b>	<b>40,070,249</b>
<b>Current assets</b>				
Inventories	11,041,459	7,171,973	10,754,699	7,171,973
Trade receivables (outstanding balance).	12,511,562	7,409,763	11,592,695	7,409,763
Trade receivables (balance covered by cheques)	142,438	88,548	142,438	88,548
Other receivables	2,535,095	2,458,862	2,471,363	2,458,862
Cash and cash equivalents	7,017,589	6,377,744	6,966,619	6,377,744
	<b>33,248,143</b>	<b>23,506,890</b>	<b>31,927,814</b>	<b>23,506,890</b>
<b>Total assets</b>	<b>82,464,871</b>	<b>63,577,139</b>	<b>79,441,420</b>	<b>63,577,139</b>
<b>EQUITY</b>				
<b>Equity attributed to parent company shareholders</b>				
Share capital	14,633,241	14,582,616	14,633,241	14,582,616
Premium on capital stock	1,975,977	1,854,458	1,975,977	1,854,458
Own shares	(202,711)	(60,406)	(202,711)	(60,406)
Fair value reserves	2,624,138	1,551,930	1,551,930	1,551,930
Other reserves	496,212	529,291	496,212	529,291
Retained earnings	8,035,042	6,819,552	9,134,536	6,819,552
<b>Total equity attributed to parent company shareholders</b>	<b>27,561,898</b>	<b>25,277,440</b>	<b>27,589,185</b>	<b>25,277,440</b>
<b>Non-controlling interests</b>	-	-	-	-
<b>Total Equity</b>	<b>27,561,898</b>	<b>25,277,440</b>	<b>27,589,185</b>	<b>25,277,440</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Long-term loans	17,014,911	12,664,254	17,014,911	12,664,254
Deferred tax liabilities	3,807,401	3,598,029	3,693,119	3,598,029
Provisions for employee benefits	420,511	323,611	358,051	323,611
Grants for assets	1,822,985	1,522,769	1,822,985	1,522,769
	<b>23,065,808</b>	<b>18,108,663</b>	<b>22,889,067</b>	<b>18,108,663</b>
<b>Current liabilities</b>				
Trade payables	17,689,664	12,358,638	16,759,832	12,358,638
Other liabilities	3,209,670	1,985,184	2,528,292	1,985,184
Current Income tax	210,077	1,198,775	210,077	1,198,775
Short-term loans	10,532,306	4,024,438	9,429,768	4,024,438
Provisions	195,450	624,000	35,200	624,000
	<b>31,837,165</b>	<b>20,191,036</b>	<b>28,963,169</b>	<b>20,191,036</b>
<b>Total liabilities</b>	<b>54,902,974</b>	<b>38,299,699</b>	<b>51,852,235</b>	<b>38,299,699</b>
<b>Total equity and liabilities</b>	<b>82,464,871</b>	<b>63,577,139</b>	<b>79,441,420</b>	<b>63,577,139</b>

**Summary of Interim Consolidated Income Statement**

	GROUP		COMPANY	
	01/01- 30/09/2022	01/01- 30/09/2021	01/01- 30/09/2022	01/01- 30/09/2021
Sales	53,251,604	38,240,579	53,009,149	38,240,579
Cost of sales	(39,379,400)	(25,209,807)	(39,185,621)	(25,209,807)
<b>Gross profit</b>	<b>13,872,204</b>	<b>13,030,773</b>	<b>13,823,528</b>	<b>13,030,773</b>
Other income	1,454,097	492,857	1,454,097	492,857
Disposal costs	(6,321,170)	(4,967,093)	(6,251,276)	(4,967,093)
Administrative expenses	(2,384,147)	(2,126,357)	(2,398,589)	(2,126,357)
Research & Development expenses	(628,125)	(580,024)	(628,125)	(580,024)
Other expenses	(812,251)	(258,035)	(812,251)	(258,035)
Financial costs (net)	(540,270)	(446,868)	(519,758)	(446,868)
Loss from affiliated companies	-	(44,243)	-	(44,243)
<b>Earnings before taxes</b>	<b>4,640,339</b>	<b>5,101,009</b>	<b>4,667,626</b>	<b>5,101,009</b>
Deferred income tax	(95,091)	(58,229)	(95,091)	(58,229)
Current income tax	(959,733)	(1,048,927)	(959,733)	(1,048,927)
<b>Net profit for the year (A)</b>	<b>3,585,516</b>	<b>3,993,853</b>	<b>3,612,803</b>	<b>3,993,853</b>
- Parent company shareholders	3,585,516	3,993,853	3,612,803	3,993,853
- Non-controlling interests	-	-	-	-
<b>Other comprehensive income, after tax (B)</b>	<b>-</b>	<b>35,344</b>	<b>-</b>	<b>35,344</b>
<b>Total comprehensive income net of tax (A+B)</b>	<b>3,585,516</b>	<b>4,029,198</b>	<b>3,612,803</b>	<b>4,029,198</b>
- Parent company shareholders	3,585,516	4,029,198	3,612,803	4,029,198
- Non-controlling interests	-	-	-	-
Earnings/(losses) per share net of tax	0.1326	0.1482	0.1385	0.0427
Profit before tax, financing, investment results and total amortisation/depreciation (EBITDA)	6,155,522	6,706,749	6,162,297	6,706,749
Profit before tax, financing, non-recurring results and total amortisation/depreciation (Adjusted EBITDA)	6,539,321	6,706,749	6,546,096	6,706,749

**Summary of Interim Cash Flow Statement**

	GROUP		COMPANY	
	01/01- 30/09/2022	01/01- 30/09/2021	01/01- 30/09/2022	01/01- 30/09/2021
<b>Operating activities</b>				
Earnings before taxes	4,640,339	5,102,225	4,667,626	5,101,009
Earnings/Losses for the period before taxes from discontinued operations	-	(1,216)	-	-
<b>Plus / (less) adjustments for:</b>				
Depreciation	1,576,461	1,268,065	1,576,461	1,268,065
Provisions	(538,788)	707,188	(539,187)	707,188
Amortisation of grants	(135,017)	(109,193)	(135,017)	(109,193)
Investment Income/Expenses	(466,530)	44,243	(466,530)	44,243
Financial costs - (net)	603,617	446,868	519,758	446,868
	5,680,082	7,458,181	5,623,110	7,458,181
<b>Plus/less adjustments for changes in working capital accounts or related to operating activities:</b>				
Decrease / (increase) in receivables	(4,085,789)	(3,616,373)	(4,251,529)	(3,616,373)
Decrease/ (increase) in inventories	(3,508,218)	477,337	(3,582,726)	477,337
(Decrease) / Increase in liabilities (save for banks)	3,391,444	1,390,788	3,601,564	1,390,788
<b>Less:</b>				
Interest expense and related expenses paid	(516,648)	(405,624)	(432,789)	(405,624)
<b>Total inflow / (outflow) from operating activities (a)</b>	<b>960,872</b>	<b>5,304,309</b>	<b>957,630</b>	<b>5,304,309</b>
<b>Investing activities</b>				
Holdings in subsidiaries	(100,000)	-	(2,450,000)	-
Proceeds from sale of Holdings	-	7,922	-	7,922
Purchase of tangible and intangible assets	(6,117,249)	(6,964,672)	(6,117,249)	(6,964,672)
(Acquisition)/Sale of subsidiaries, affiliates, joint ventures and other investments	(2,277,428)	-	-	-
Proceeds from the sale of tangible and intangible assets	995	-	995	-
<b>Total inflow / (outflow) from investing activities (b)</b>	<b>(8,493,683)</b>	<b>(6,956,749)</b>	<b>(8,566,254)</b>	<b>(6,956,749)</b>
<b>Financing activities</b>				
Share capital change expenses	(179,036)	-	(179,036)	-
Share buyback	(142,305)	(58,676)	(142,305)	(58,676)
Reserve for payments based on equity instruments	17,490	79,672	17,490	79,672
Proceeds from share capital increase	93,750	98,750	93,750	98,750
Revenue from loans issued / committed	14,221,821	5,286,900	14,246,665	5,286,900
Collection of a state grant	-	119,536	-	119,536
Loan repayment	(4,247,986)	(4,036,620)	(4,247,986)	(4,036,620)
Leasing arrangement liabilities paid (amortisation)	(242,692)	(274,974)	(242,692)	(274,974)
Dividends paid	(1,348,388)	(1,345,049)	(1,348,388)	(1,345,049)
<b>Total inflow / (outflow) from financing activities (c)</b>	<b>8,172,656</b>	<b>(130,461)</b>	<b>8,197,499</b>	<b>(130,461)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>639,845</b>	<b>(1,782,902)</b>	<b>588,875</b>	<b>(1,782,902)</b>
Cash and cash equivalents at start of period	6,377,744	4,239,236	6,377,744	4,239,236
<b>Cash and cash equivalents at end of period</b>	<b>7,017,589</b>	<b>2,456,334</b>	<b>6,966,619</b>	<b>2,456,334</b>

## **Additional information and data**

### **Information regarding the consolidated entities**

The financial statements include the financial statements of the parent company PAPOUTSANIS S.A. and its subsidiary G. MALIKOUTIS SOAP TRADE - MANUFACTURE SINGLE-MEMBER S.A. (ARKADI S.A.). The subsidiary shall be consolidated as of the date on which PAPOUTSANIS S.A. acquired the right to exercise control over it through the 100% redemption of all its shares, i.e. on 1/9/2022 (acquisition date 31/8/2022).

The “Arkadi” Soap Industry, founded in 1946, has the complete range of ARKADI products for the cleaning of clothes and the house, as well as for personal care with pure, natural, vegan and internationally certified products.

The purchase price of the above holding amounted to EUR 2,350,000 and the resulting goodwill of EUR 1,274,398 has been recognised on a temporary basis. The finalisation of the procedure for allocating the acquisition price in accordance with the provisions of IFRS 3 “Business Combinations” shall be completed within 12 months following the acquisition date.

### **Turnover**

The Group's turnover stood at EUR 53.3 million vs EUR 38.2 million in the first three quarters of 2021 (up by 39.3%). The Company's turnover stood at EUR 53.0 million vs EUR 38.2 million in the first three quarters of 2021 (up by 38.6%).

This significant increase in turnover was due to the recovery of the hotel market and the increase in sales of specialty soap bases and third-party manufacturing in Greece and abroad, combined with an increase in selling prices. In this context, comparing the first three quarters of 2022 with the corresponding period of 2021, the 39.3% increase in sales is attributed by approximately 22% to an increase in sales volumes and by 17% to an increase in prices. The sales price increases mainly concern the categories of specialty soap bases and products for third parties most directly affected by the increases of different oils and auxiliaries, while in the branded category the increases were much smaller. The value of exports for Papoutsanis in the current period amounted to EUR 34.9 million, compared to EUR 22.5 million in the first three quarters of 2021, making up 66% of the total turnover and registering a growth of 55%.

In looking at how each of the four business segments contributed to overall results, it is noted that 16% of total revenues originated from sales of Papoutsanis branded products, 23% from sales to the hotel market, 41% from product manufacturing for third parties, and 20% from industrial sales of specialty soap bases.

### **Overview by Business Segment**

**Branded products:** The Group level category was similar to the nine-month period of 2021, despite the downward trend of the total retail market and mainly the market for antiseptic products. It is worth noting that in the period of January-August 2022, the product categories in which Papoutsanis operates presented an overall drop in terms of value by 6.1% compared to the same period in 2021, with the highest losses being recorded in antiseptic products (-33.3%). Excluding antiseptics, the net sales value of Papoutsanis branded products marked a faster growth by 12.5% compared to the market and consequently gained a significant share. This category includes the sales of Brand Arkadi from September onwards, with little impact on the overall result. Arkadi is mainly active in domestic care products and is an important addition to Papoutsanis' portfolio of branded products, with the company aiming to strengthen this portfolio and expand to new categories and markets.

**Hotel amenities:** There was a significant rise in sales by 195% compared to 2021. During the same period last year, this segment brought in very low numbers due to the effects of the pandemic. This year the relevant sales are strengthened in Greece and abroad, thanks to the broadening of both the clientele and existing partnerships.

**Third party manufacturing (industrial sales, private label products):** Sales were up by 12% compared to 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 saw a 74% increase 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. It is worth mentioning that a new soap base production facility became operational in H2 2021, thus doubling the Company's production capacity in this line of

products. At the same time, the launch of synthetic soap bases, which are highly specialised and environmentally friendly products, is expected to further boost this segment.

**Gross profit**

For reasons known to all, the current nine months are characterised by unprecedented inflationary pressures both in terms of the cost of raw materials and packaging materials as well as energy – electricity and natural gas. Regarding raw materials and packaging materials, during the current period, the Company faced an increase in costs of approximately EUR 7.9 million, which, despite the above mentioned increase in sales prices, was not fully covered. Respectively, the energy costs of the period, even after state aid to natural gas and mainly electricity, were charged by approximately 1.4 million euros.

Finally, the above, combined with the positive effect of the growth in sales volume, led to a gross profit for the Group and the Company of EUR 13.9 million compared to EUR 13.0 million in the corresponding period of 2021, improved by only 6.5%. Respectively, the gross profit margin decreased to 26.1% compared to 34.1% in the nine-month period of 2021.

**Profit before tax, financing, investment results and amortisation/depreciation (EBITDA)**

Consolidated and Company-wide earnings before taxes, financial, non-recurring results and depreciation (adjusted EBITDA) amounted to EUR 6.5 million compared to EUR 6.7 million in the first three quarters of 2021, showing a decrease of 2%.

**Profits for period**

Consolidated earnings before taxes stood at EUR 4.6 million, vs EUR 5.1 million in the first three quarters of 2021, while consolidated earnings after taxes stood at EUR 3.6 million vs EUR 4.0 million in the corresponding period of 2021, down by 10%. The Company's earnings before taxes stood at EUR 4.7 million, vs EUR 5.1 million in the first three quarters of 2021, while earnings after taxes stood at EUR 3.6 million vs EUR 4.0 million in the corresponding period of 2021, down by 10%.

It is noted that the results 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 EUR 384 thousand, without other charges being expected.

### **Operating flows**

The Group's and Company's operating flows amounted to EUR 1.0 million compared to EUR 5.3 million in the first three quarters of 2021. The burden of operating flows derives from the increase of inventories and receivables, the course of which largely follows the increase of the Group's activity. It should be noted here that the problems faced in the past and to some extent still encountered by the overall supply chain led to an additional increase in inventories in order to ensure the smooth operation of the Company, which we estimate will begin to normalise in the near future.

### **Net Borrowings**

The Group's net borrowing (loans minus cash), affected by the Company's investment plan as set out below, amounted to EUR 20.5 million (compared to EUR 10.3 million on 31/12/2021). The Company's net borrowing amounted to EUR 19,5 million (compared to EUR 10,3 million on 31/12/2021).

### **Fixed equipment**

The book value of fixed equipment (tangible fixed assets) for the Group amounts to EUR 45.7 million on 30/09/2022 compared to EUR 39.6 million on 31/12/2021. The book value of fixed equipment (tangible fixed assets) for the Company amounts to EUR 44.0 million on 30/09/2022 compared to EUR 39.6 million on 31/12/2021. The significant investment program of the Company, over EUR 20 million in the last three years is completed and at least for the following year no significant new investments are foreseen.

### **Financial Structure**

The total liabilities of the Group in relation to equity as at 30/09/2022 amounted to 1.99 on 30/09/2022 vs 1.52 on 31/12/2021. The Company's total liabilities in relation to equity as at 30/09/2022 amounted to 1.88 on 30/09/2022 vs 1.52 on 31/12/2021.

### **Working capital-Liquidity**

The working capital (current assets minus short-term liabilities) for the Group amounted to EUR 1.4 million compared to EUR 3.3 million on 31/12/2021. The working capital (current assets minus short-term liabilities) for the Company amounted to EUR 3,0 million compared to EUR 3,3 million on 31/12/2021.



### **Business Outlook**

During the first three quarters 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 concerns and the war in Ukraine, the Company pursued its growth. Thus, on the one hand, recognising the unprecedented inflationary pressures, which lead to a continuous increase in production costs and the constantly increasing pressure on the purchasing power of consumers, the Company maintains the best balance in order to ensure its strong growth and sustainable course in the midterm.

However, for the last quarter of 2022 and for the following year, at least on the basis of current data, there are no positive developments in the market that will reverse the current picture of inflationary pressures on material and energy costs. Thus, after the cost burden of packaging materials estimated at EUR 10 million for the whole of 2022 compared to 2021, we foresee for the year 2023 an additional increase of 2.5 – 3.0 million. In this adverse environment, the Company's objective is to achieve satisfactory financial results through reasonable increases in sales prices, where necessary, and mainly through a significant improvement in production costs thanks to the full functionality of the significant investments made in the last three years and now practically completed.