

**PRESS RELEASE**

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**Papoutsanis: Enhanced turnover in Q1 2023**

*Turnover increase – Increased performance in hotel amenities, third parties contract manufacturing and sales of soap bases*

**Key financial figures Q1 2023**

- Turnover amounted to € 15,3m compared to € 14,9m in Q1 2022, increased by 2,8%.
- Gross profit stood at € 4,3m, compared to € 4,2m in the same quarter 2022, up by 2,1%.
- Earnings before taxes reached € 0,72m compared to €1,09m for the same period in 2022, down by 34%.
- Earnings after taxes stood at €0,44m compared to €0,75m in Q1 2022, down by 42%.
- The value of exports for Papoutsanis in the current period amounted to €10.0 million, compared to €11.1 million in the first three quarters of 2022, making up 65% of the total turnover and registering a decrease of 10%.

	<b>Q1 2023</b>	<b>Q2 2022</b>	<b>Change</b>
Turnover	€ 15,3 m	€ 14,9 m	2,8%
Gross Profit	€ 4,3 m.	€ 4,2 m	2,1%
Earnings before interest, tax, depreciation and amortization (adjusted EBITDA)	€ 1,7 m	€ 2,0 m	-16%
Earnings before taxes	€ 0,72 m	€ 1,09 m	-34%
Earnings after taxes	€0,44 m	€ 0,75 m	-42%

**Menelaos Tassopoulos**, CEO of Papoutsanis S.A., commented: «We continue to focus on our business plan for continuous growth and on the four pillars of the Company's activity, utilizing the capabilities and competitive advantages of Papoutsanis, as well as the opportunities presented in the Greek and international markets. The correction found in the prices of materials and energy combined with our strong commercial policy and the completion of our investment plan is estimated to have a positive effect on Papoutsanis' figures for the whole year».

## **Financial Results Overview**

Turnover was up 2,8% in Q1 2023, with sales coming in at €15.3 million, compared to €14.9 million in the same period in 2022.

The value of exports for Papoutsanis in the current period amounted to €10.0 million, compared to €11.1 million in the first three quarters of 2022, making up 65% of the total turnover and registering a decrease of 10%.

Gross profit amounted to € 4.3m compared to € 4.2m in the corresponding period of 2022, improved by 2.1%. It is noted that the gross profit margin reached 28.0% compared to 28.2% in Q1 2022. Gross profit margin is remarkably improved compared to 2022 gross profit margin, which was 24.4% and further improvement is expected.

Earnings before interest, tax, non-recurring results and depreciation (adjusted EBITDA) amounted to € 1.7m compared to € 2.0m in the first 3 months of 2022, showing a decrease of 16% due to increased distribution and marketing expenses of branded products.

Earnings before taxes stood at € 0.72m vs € 1.09m in the first three months of 2022, while earnings after taxes stood at € 0.44m vs € 0.75m in the corresponding period of 2022, down by 42%. The results, in addition to the reasons described above, have been further burdened due to increased financial costs because of the increase in interest rates.

The book value of fixed equipment (tangible fixed assets) amounts to €48.4m compared to €47.8m on 31/12/2022. The significant investment program of the Company of approximately €25m in the last three years is completed and for the current year significantly reduced outflows for the purchase of assets are foreseen.

In looking at how each of the four business segments contributed to overall results, it is noted that 21% of total revenues originated from sales of Papoutsanis branded products in Greece and abroad, 18% from sales to the hotel market, 44% from product manufacturing for third parties, and 17% from industrial sales of specialty soap bases.

## Overview by Activity Sector

**Branded products:** The category reported strong growth of 33% compared to 2022 Q1 despite the significant decline in the antiseptic market in the organised retail trade sector (-56% for the two-month period January-February 2023 compared to the same period last year). Excluding antiseptics, the branded products category grew by 70%; around half of this was due to the positive contribution made by acquisition of the ARKADI soap factory, while the rest comes from organic growth of Papoutsanis' mass distribution products. PAPOUTSANIS personal care products are gaining a significant market share in Greece and at the same time have more than tripled their sales abroad and hold out very good prospects for further growth.

**Hotel Products:** Hotel sales remained at the same level as in 2022 Q1, with domestic sales more than doubling compared to last year, making up for the drop in sales abroad; these figures need to be compared to a very strong 2022 Q1 due to the re-opening of business travel and the tourism market after two years of pandemic-related lockdowns.

**Third Party Products (Industrial Sales, Private Label):** Sales in this category remained at the same levels as in 2022 Q1 while new partnerships in this category were also forged. It appears that the market's need for sustainable & niche products is returning to pre-COVID levels as customers in this category are now seeking to develop new projects.

**Industrial Sales of Soap Bases:** There was a 9% drop in 2023 Q1 in this category (which primarily relates to foreign customers) mainly due to non-sale of the commodity soap bases manufactured in SE Asia. In 2022, by exploiting increased transport costs and long delays in deliveries from Asia, the Company was able to meet a small part of the overall demand in Europe, Africa and the Middle East for similar soap bases. Transport costs and delivery times from Asia have now returned to normal, but the fact that the Company was able to meet specific needs has left it with partnerships that will only serve to bolster this category going forward.

## Business Outlook

The first indications during the second quarter show further improvement in materials and energy costs. Furthermore, Papoutsanis has completed its significant 3-year investment program of approximately € 25m, aiming to increase capability, production of innovative products and expansion of its logistics area, actions that contribute towards the reduction of operating costs.

As a result, in 2023 profitability is expected to improve compared with 2022.

In 2023 the Company aims to continue its growth in all four segments of its operation:

- Papoutsanis' branded products segment is a strategic priority and is expected to be significantly strengthened in 2023, through the enrichment of the product range, the dynamic advertising support and the strengthening of the presence in stores, as well as by entering new categories mainly through the brand name ARKADI.
- Hotel amenities segment is expected to be a main axis of development for Papoutsanis, as the forecasts for tourism are very optimistic, both in Greece and abroad. At the same time, long-term existing partnerships with strategic customers are being dynamically built, while strong foundations have been laid for the development of exports of branded hotel products to a number of new markets.
- Finally, third party products and industrial soap bases are expected to continue their development mainly through the expansion of the client base and the development of syndet soap bases.