

ANNOUNCEMENT

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PAPOUTSANIS SA: Nine months 2020 Financial Results

Dynamic growth of turnover and further expansion in the category of disinfectant products

Key financial figures

- Significant growth of turnover and further expansion in the category of biocides and disinfectants.
- Turnover amounted to € 30.8 million, increased by 38%.
- Profits before taxes amounted to € 4.6 million, compared to € 1.3 million in the same period of 2019.
- Profits after taxes amounted to € 3.5 million, compared to € 1 million in the same period of 2019.

	2020 Nine months	2019 Nine months	Change%
Turnover	€ 30,8 mil.	€ 22,4 mil.	38%
Gross profit	€ 10,3 mil.	€ 6,2 mil.	67%
Consolidated Earnings Before Interest and Taxes EBITDA	€ 6,3 mil.	€ 2,7 mil.	135%
Earnings before taxes	€ 4,6 mil.	€ 1,3 mil.	243%
Earnings after taxes	€ 3,5 mil.	€1 mil.	236%

Menelaos Tassopoulos, Vice President and Chief Executive Officer of Papoutsanis SA commented: "In today's unprecedented conditions, which, apart from the economic effects, have caused internationally social and political upheavals, we have managed to show resilience and adaptability and to continue growing as in recent years. The development strategy we have adopted, which focuses on different areas of activities, has proved to be successful. In the same context, our entry into the production of disinfectants and biocidal products helped to address the losses caused

by the hotel sector. For the rest of the year, given the further development of commercial initiatives, the realization of our investment plans and the implementation of actions to enhance the recognition of the company's brands, we believe that we will continue growing".

Financial Overview

In the nine months of 2020, Papoutsanis SA achieved significant turnover growth of 38%. Specifically, total Papoutsanis sales amounted to €30.8 m. versus €22.4 m. in the nine months of 2019.

Turnover increase is mainly attributed to the high performance of branded products and third-party manufacturing categories while also to the increase in sales of soap noodles, which is used as raw material for the production of solid soap. In this way, the company managed to overcome the reduction of sales to the hotel market inside and outside Greece.

Papoutsanis SA export activity increased by 38% in the first nine months of 2020 compared to the same period of 2019. Papoutsanis SA exports amounted to €14.5 m. representing 47% of total turnover.

Papoutsanis' branded products sales in Greece and abroad represent 27% of total turnover, hotel amenities sales contributed 9% to the total turnover of the company, third party manufacturing represents 49% of total turnover and soap noodles contributed 15% to the sales of the company.

At the same time, since the beginning of the second quarter of 2020, Papoutsanis SA produces biocides and disinfectants using alcohol. Having the production capacity and flexibility to immediately and to a large extent meet the needs of the country, the company managed to obtain the approval of the competent authorities to produce these products. The antiseptics category is constantly growing and now features a range of 10 different codes in a variety of sizes and packages, in order to meet different needs, both for individual use and for the needs of industrial and corporate customers, large stores and hotels.

Gross profit, was positively affected by sales growth in the period as well as the reduction of production cost, as a result of the investments implemented by the company, and amounted (for the Group and the Company) to € 10.3 million versus € 6.2 million in the same period in 2019, an increase of 67%. Gross profit margin improved to 33.5%, compared to 27.7% in the nine months of 2019.

Profit before taxes for the Group and the Company amounted to € 4.6 million, compared to profit of € 1.3 million in the nine months of 2019, while profit after taxes amounted to € 3.5 million versus € 1 million in the same period in 2019.

The -earnings before taxes, financial, investment results and depreciation (EBIDTA) were (for the Group and the Company) profits of € 6.3 million compared to profits of € 2.7 in the first 9 months of 2019.

Overview by business segment

Branded products

Branded products sales increased by 109% in the nine months of 2020 compared to the same period in 2019, benefiting from the increased demand for personal hygiene products and antiseptics, as a result of the COVID-19 pandemic.

Hotel Amenities

The hotel amenities category shrank by 63% in the first nine months compared to the same period of 2019, impacted by the conditions imposed by the pandemic, which did not allow the hotels to operate as planned.

Third party manufacturing, private label

The specific category increased by 99% compared to the nine months of 2019. Due to the further expansion of an existing co-operation with a large multinational company, as well as the implementation of a new cooperation to produce soaps, with a German multinational company, contributed to the increase in sales volume. At the same time, sales of solid soap to both domestic and foreign customers were enhanced, while the sale of antiseptics to industrial customers from the domestic market also contributed to the development of the category.

Soap Noodles

Soap Noodles segment, mainly exports, grew by 34%. Growth came from the expansion of the clientele and the increased demand, as it is an intermediate product used to produce soaps.

Business Outlook

The outbreak of the Covid-19 pandemic undoubtedly created significant challenges for the company. For Papoutsanis SA management team, since the beginning of the health crisis, the safety of its employees and partners became a top priority. In this context, the company is constantly monitoring the evolution of the pandemic, improving and enhancing the measures it takes. At the same time, the company faced the crisis with flexibility and adaptability and reacted dynamically, continuing the strong growth of recent years, showing high performance in the nine months.

According to Papoutsanis forecasts, for the rest of the year the outlook will remain positive, while next year is also expected to be positive, led, as mentioned above, by the implementation of a commercial cooperation with a German multinational company, which began in the third quarter of the current year.

In addition, the further expansion of the existing collaborations of Papoutsanis with other multinational companies, as well as the implementation of significant investments in the soap department, which will enable the company to double its production capacity, are expected to provide a boost to the turnover. The launch of synthetic soap production will further consolidate the company's position in the market in which it operates.



At the same time, actions that focus on strengthening brand recognition of Papoutsanis brands have already begun and it is estimated that they will contribute to the increase in turnover.

In closing, due to the pandemic and its consequences that are expected to exist in part of 2021, the company believes that the category of hotel amenities will not return to 2019 levels, although it will be partially improved in the new year compared to 2020.