

ANNOUNCEMENT

March 22nd, 2021

PAPOUTSANIS SA: 2020 Financial Results

Sales and profitability increase for the fifth consecutive year

Papoutsanis SA announced the financial results for the year ending on December 31st 2020.

Key financial figures

- In the past five years, the company has accelerated its growth while in the last decade it has more than tripled its sales.
- Consolidated turnover amounted to € 40.8 million, increased by 33%
- Consolidated EBIT amounted to € 5,2 million, increased by 181%
- Consolidated NET Profits amounted to € 3,8 million, increased by 184%

	FY 2020	FY 2019	Change%
Turnover/ Revenue	€ 40,8 m.	€ 30,7 m.	+33%
Gross Profit	€ 13,1 m.	€ 8,8 m.	+48%
Consolidated Earnings Before Interest and Taxes (EBITDA)	€ 7,5 m.	€ 3,8 m.	+100%
Profit before tax	€ 5,2 m.	€ 1,9 m.	+181%
Consolidated Net profits	€ 3,8 m.	€ 1,3 m.	+184%

Menelaos Tassopoulos, Chief Executive Officer of Papoutsanis SA, commented on the

financial results:

"Amidst of unprecedented circumstances, both locally and internationally, we successfully coped, displaying flexibility and adaptability, and closed another year,

achieving a very satisfactory performance. Our success is due to the development strategy we have adopted, which is based on different areas of activity. Now, we have created an expanded portfolio of personal hygiene products, which meet different needs and circumstances, both at the level of individual and family use, and for the needs of industrial and corporate customers, shops, and hotels. In addition, since the beginning of April 2020, Papoutsanis SA, having received the approvals of the relevant authorities of the country, incorporated in its main activities the production of biocides and disinfectants. Combined with the collaborations we maintain with foreign companies for the production of their products and the sales of soap noodles as a raw material for the production of soaps, we have built a strong base of success which every year goes a little higher. Although the pandemic continues to negatively affect some of the sectors in which we operate, we believe that for Papoutsanis 2021 will be another successful year with double-digit growth rate.”

Review of 2020 Financial Results

Papoutsanis SA achieved strong growth of its consolidated turnover for another year. Specifically, consolidated turnover amounted to € 40.8 million versus € 30.7 million in 2019, increased by 33%.

The company also improved its consolidated EBIT by 181%. Consolidated EBIT amounted to € 5.2 million in 2020 versus € 1.9 million in 2019. Consolidated Net profits amounted to € 3.8 million versus € 1.3 million in 2019, increased by 184%. Similarly, the pre-tax profit of the parent company amounted to profits of € 5.2 million compared to € 1.9 million in 2019, while the results after taxes amounted to profits of € 3.8 million versus profits of € 1.4 million in 2019.

Turnover growth is due to the strong performance of the company in the Branded Products and Third Party Manufacturing categories while the increase of the sales of soap noodles, a raw material for the production of soaps, also contributed significantly. In this way, the company managed to offset the decline in sales to the hotel market inside and outside Greece, which this year fell by 66% compared to 2019.

Exports amounted to € 20 million, representing more than 49% of total turnover, compared to € 15 million in the previous year. 25% of the total turnover comes from sales of Papoutsanis' branded products in Greece and abroad, 8% from hotel amenities sales, 53% from third-party product sales and 14% from industrial soap noodles sales.

FY2020 consolidated gross profit was positively affected by sales growth and amounted to € 13.1 million versus € 8.8 million in 2019, increased by 48%. The Group's EBITDA amounted to € 7.5 million, increased by 100%. Distribution, administration, research and development costs at a consolidated level amounted to € 7.0 million in 2020 compared to € 6.4 million (in 2019) showing an increase of 10%, mainly due to variables, in terms of turnover expenditure.

Overview by business segment

Branded products

Branded products (Olivia, Karavaki, Natura, Aromatics etc.) contribute 25% of Papoutsanis' total turnover in Greece and abroad. The specific sector sales increased by 88%, benefiting from the increased demand for personal hygiene products and antiseptics, as a result of the COVID-19 pandemic.

Hotel Amenities

8% of the turnover is related to sales to the hotel market, which in 2020 decreased by 66%, following the general trend of travel industry tourism size decrease in Greece and abroad, due to the pandemic.

Third Party Manufacturing, Private Label

Third party manufacturing represents 53% of Papoutsanis turnover. In this category an 84% increase in sales has been achieved, compared to 2019. The category growth is related to the expansion of an existing co-operation with a large multinational company and to the development of new partnerships with multinational companies to produce their products, mainly soaps.

Soap Noodles

14% of Papoutsanis annual turnover comes from industrial sales of soap noodles, a raw material to produce soaps. This category grew by 36% compared to 2019. The increase in sales is due to the increase in demand for soap noodles presented by foreign companies, as it is an intermediate product used to produce soaps, to the expansion of partnerships maintained by Papoutsanis in this sector and to the continuous strengthening of the range of relevant products offered.

Business Outlook

In the last five years, Papoutsanis achieved strong growth, while in the last decade it has more than tripled its sales. The company's management team remains focused on boosting Papoutsanis' turnover and controlling its production and operating expenses. In this context, the company is constantly investing in new technologies and innovations. Papoutsanis factory is the only production unit of soaps and hotel amenities in Greece and it is considered to be one of the largest and most modern production units in Europe. In addition, the company's management continuously monitors and adopts international principles and guidelines for sustainable development.

Several factors are expected to positively contribute to the company's turnover for 2021:

- The maintenance of the increased demand for personal care and hygiene products and the company's entry into surface disinfectants for family and industrial use.
- Strengthening the branded product category via a strategic plan of innovation, communication, and expansion into new product categories. In this context, 2021 will be a year of great launches, significant development of the code list

and strong presence in stores, culminating in the celebration of the 150th anniversary of Papoutsanis in the Greek market. At the same time, the company is actively investing in the development of its systems and human resources to directly serve the large retail chains.

- The development of a cooperation with a multinational company in the field of soap production, which started in the second half of 2020 and the beginning of new collaborations with companies from foreign markets.
- The estimated improvement of the market of hotel amenities compared to 2020, as it is expected that tourism, both in Greece and abroad, will be normalized to some extent, at least during the second half of the year. Within the second half of the year, the implementation of new partnerships with major hotel chains in Europe will begin. These are agreements that had already been concluded in 2019 but were delayed due to the pandemic.
- The company will emphasize on new innovative ecological products without the need to use plastic packaging and with reduced carbon footprint. The company has already significantly invested in the development of the necessary know-how and technology and has entered partnerships to produce these products. The company is targeting in the verticalization of this production, with a significant development of the category.

The pandemic has affected consumer habits and demand in sectors in which the company operates, and this makes it difficult to make long-term predictions regarding trends and sizes. Nevertheless, for the next year, based on current data, the management estimates that Papoutsanis will achieve, for another year, a double-digit growth rate, enhancing the company's profitability.

Finally, it is noted that for 2021 the management intends to propose to the Ordinary General Meeting of Shareholders the distribution of a gross dividend of € 0.05 per share.

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