

## PRESS RELEASE

August 4<sup>th</sup>, 2022

### Papoutsanis: Continued growth in the first half of 2022

*Despite challenges, Papoutsanis continues to experience a significant increase in turnover and improved financial results, due to the recovery of the hotel market in Greece and abroad, and the high performance of industrial sales of specialty soap bases abroad and third-party manufacturing*

#### Key financials for the first half of 2022

- The first half of 2022 saw a significant 39% increase in turnover.
- Earnings before taxes stood at €3.3 million, compared to earnings of €3.0 million in the first half of 2021.
- Earnings after taxes stood at €2.5 million, similar to the first half of 2021.
- Papoutsanis' exports grew strongly by 54%, reaching €22.2 million in the first half of 2022, accounting for 66% of total turnover.
- 15% of total revenues originate from sales of Papoutsanis branded products in Greece and abroad, 20% from hotel amenities compared to 8% for the same period in 2021, 44% from third-party manufacturing and 21% from industrial sales of soap bases.

	First half of 2022	First half of 2021	Change
Turnover	€ 33.6 million	€ 24.2 million	39%
Gross Profit	€ 9.8 million	€ 8.0 million	22%
Earnings before taxes	€ 3.3 million	€ 3.0 million	9%
Earnings before taxes, financial, non-recurring results and depreciation	€ 4.9 million	€ 4.0 million	22%

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

“During the first half of 2022, Papoutsanis remained focused on its business plan aiming at strong, sustainable growth and the continuous strengthening of turnover while improving its profitability and optimising production with a view to reduce production costs. We continue to constantly adapt to the new circumstances, implementing a growth strategy based on four distinct pillars, expanding our

portfolio to new categories and markets, strengthening our long-term relationships and partnerships with strategic customers and suppliers, and continuing to invest in equipment, know-how and human resources. Despite the challenges in the macroeconomic environment and geopolitical tensions, we remain optimistic for the year's outcome."

## **Financial Overview**

In the first half of 2022, Papoutsanis' turnover grew by 39%, reaching €33.6 million, up from €24.2 million in the same period of 2021.

This significant increase in turnover during the first half of 2022 was due to the recovery of the hotel market in Greece and abroad and the high performance of industrial sales of specialty soap bases abroad and third-party manufacturing, combined with an increase in selling prices (mainly for the last two categories), aimed at passing on cost increases to the extent possible. In this context, comparing the first half of 2022 with the same period in 2021, the 39% increase in sales is attributed by 22% to an increase in sales volumes compared to 2021 and by 17% to an increase in prices.

Exports stood at €22.2 million in the first half of 2022, accounting for 66% of total turnover, up by 54% compared to the same period last year.

Gross profit was positively impacted by the growth of sales in the current period, reaching €9.8 million, vs €8.0 million for the same period in 2021, up by 22%. On the contrary, gross profit margin decreased to 29.3%, compared to 33.2% in the first half of 2021, mainly affected by the significant increase in energy costs (electricity and gas). In the first half of the year, the company's additional energy costs were about €1.0 million, taking the gross margin down by almost 3% compared to last year.

Earnings before taxes stood at €3.3 million, compared to earnings of €3.0 million in the first half of 2021. It is noted that half-year results have been burdened with a non-recurring loss of €384 thousand, occurring after the issuance of the arbitration award regarding termination of cooperation with Elgeka SA, which until the end of 2020 distributed Papoutsanis branded products to large retail chains.

Earnings after taxes stood at €2.5 million, similar to the first half of 2021

Earnings before taxes, financial, investment, non-recurring results and depreciation amounted to €4.9 million, compared to €4.0 million in the first half of 2021, up by 22%.

15% of total revenues originate from sales of Papoutsanis branded products in Greece and abroad, 20% from hotel amenities compared to 8% in the same period last year, 44% from third-party manufacturing and 21% from industrial sales of soap bases.

It is worth noting that in the first half of 2022, the prices of raw/packaging materials, transport and energy continued their upward trend, which had already begun in the second half of 2021, while difficulties in securing the necessary quantities of specific categories of materials remain. At the same time, the ongoing war in Ukraine is putting increasing pressure on certain raw materials produced there, especially as regards energy costs, while uncertainty regarding the overall course of the economy is obviously constantly increasing. Already, unprecedented inflationary pressures on all goods, coupled with continued interest rate hikes by central banks, have a significant impact on global consumption.

### **Overview by Business Segment**

**Branded products:** This segment dropped by 8% due to the significant decline in the overall retail market and mainly hand sanitizers. It is worth noting that in the first half of 2022, the product categories in which Papoutsanis operates in the Greek market fell overall in terms of value by 8.5% compared to the same period in 2021, with the highest losses being recorded in antiseptic products (-33.9%). Excluding hand sanitizers and other antiseptic products, the sales value of Papoutsanis branded products rose by 8%, growing faster than the market and consequently gaining a significant market share.

**Hotel amenities:** There was a significant rise in sales by 236%, compared to 2021. During the same period last year sales in this segment were very low due to the impact of the pandemic, while this year sales recovered both in Greece and abroad.

**Third party manufacturing (industrial sales, private label products):** Sales were up by 15% compared to 2021. This increase was due to the significant strengthening of partnerships with multinationals for the manufacturing of their products and ongoing expansion of the product range offered by Papoutsanis.

**Industrial sales of soap bases:** This segment increased by 86% in the first half of 2022, mainly due to exports. Growth is attributed to Papoutsanis being established internationally, its continuously expanded customer base and continued efforts to further enhance its product offering. To meet increasing demand, the new soap base production plant has been in operation since the second half of 2021 doubling Papoutsanis' production capacity, and by selling synthetic soap bases, which are products with a reduced environmental footprint, Papoutsanis is now able to offer specialised solutions in the specific market.

### **Business Outlook**

Despite the volatile environment, Papoutsanis remains focused on its goal of strong, sustainable growth and the continuous strengthening of its turnover while improving its profitability. To this end, for the second half of the year:

- Estimates for the course of hotel amenities are very positive and a boosted turnover compared to 2019 is expected.
- In the branded products segment, which has been showing a decline since the first half of the year, the goal is to strengthen the position of Papoutsanis' products in consumer preference by gaining market share and to enter into new categories.
- In the segments of third-party manufacturing and soap bases, the goal remains to maintain and expand the customer base and partnerships as the company is continuously improving productivity and reducing production costs.
- For certain product categories, additional price increases are already in the pipeline; for the second half of the year, these will lead to an overall additional average increase of 4% to 5%

Based on the above and despite the various difficulties already mentioned, it is estimated that the Company will continue its growth path in the second half of the year, provided that there will be no further significant adverse changes, especially as regards energy security.