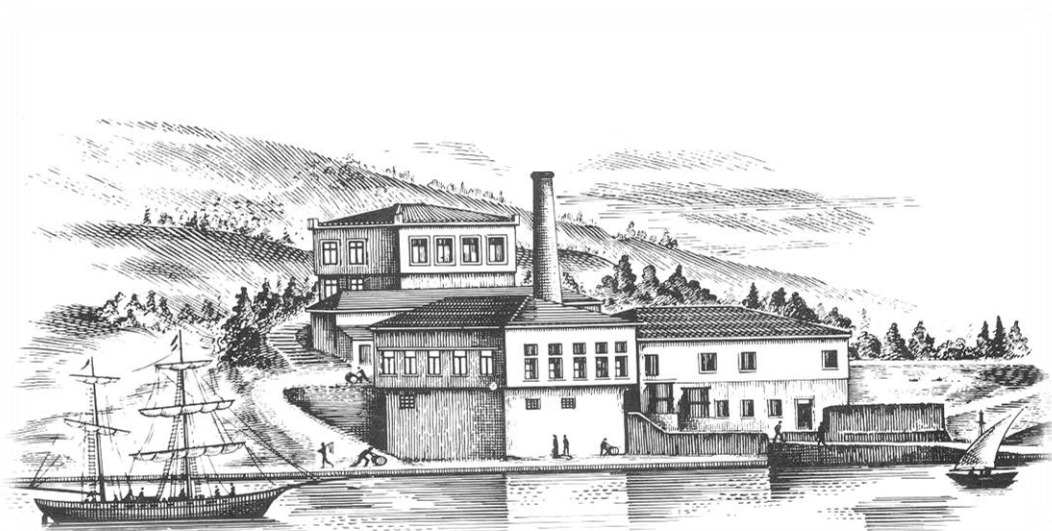




PAPAOUTSANIS S.A.

CONDENSED FINANCIAL INFORMATION

For the period ended on March 31st, 2023 (01.01.2023 – 31.03.2023)



INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS
GEGR Nr 121914222000
71th Km ATHENS - LAMIA NATIONAL ROAD, HALKIDA

Statement of Financial Position

ASSETS	31.03.2023	31.12.2022
Non-current assets		
Fixed assets	48.395.075	47.819.300
Investments in real estate property	226.707	226.707
Intangible assets	1.482.712	1.485.627
Financial assets measured at fair value through statement of comprehensive income	100.000	100.000
Goodwill	1.274.398	1.274.398
Derivative financial assets	483.638	511.903
Long-term receivables	59.990	28.630
	52.022.521	51.446.566
Current assets		
Inventories	12.110.102	9.726.503
Trade receivables (open balance)	7.982.419	5.989.235
Trade receivables (covered by checks)	57.459	493.873
Other current assets	3.600.477	3.772.569
Cash and cash equivalents	4.458.293	11.727.234
	28.208.749	31.709.412
Total Assets	80.231.270	83.155.978
EQUITY		
Share Capital	14.633.241	14.633.241
Share Premium	1.975.977	1.975.977
Own shares	(274.504)	(270.057)
Fair value reserves	1.551.930	1.551.930
Other Reserves	652.952	650.868
Retained earnings	8.842.874	8.403.430
Total Equity	27.382.471	26.945.390
LIABILITIES		
Long-term Liabilities		
Long term borrowings	20.973.457	22.466.750
Deferred income tax	4.413.969	4.269.918
Provisions for employee benefits	335.689	324.926
Grants	1.740.651	1.762.169
	27.463.767	28.823.763
Short-term liabilities		
Suppliers and other liabilities	15.929.203	16.060.840
Other short-term liabilities	3.654.286	3.972.005
Current income tax	137.556	412
Short term borrowings	5.628.786	7.318.368
Other Provisions	35.200	35.200
	25.385.032	27.386.826
Total Liabilities	52.848.799	56.210.588
Total Liabilities and Equity	80.231.270	83.155.978

Income Statement

	01.01- 31.03.2023	01.01- 31.03.2022
Turnover	15.316.786	14.895.895
Cost of Sales	(11.033.475)	(10.698.683)
Gross Profit	4.283.311	4.197.212
Other income	109.293	204.824
Selling and distribution expenses	(1.978.612)	(1.702.116)
Administrative expenses	(882.602)	(775.706)
Research & Development expenses	(215.197)	(219.947)
Other expenses	(163.617)	(471.581)
Financial expenses (net)	(431.343)	(144.042)
Profit before Tax	721.233	1.088.644
Deferred income tax	(144.051)	(125.185)
Current income tax	(137.738)	(210.084)
Net period earnings (A)	439.444	753.375
	-	-
Other comprehensive income after tax (B)	439.444	753.375
Total comprehensive income after tax (A + B)	0,0162	0,0278
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.696.651	1.639.890
Earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	1.696.651	2.023.689

Cash Flow Statement

	01.01- 31.03.2023	01.01- 31.03.2022
<u>Operating Activities</u>		
Profits before tax	721.233	1.088.644
Plus / (minus) adjustments for:		
Depreciation and Amortization	548.588	445.500
Provisions	10.763	-
Grants Depreciation	(32.777)	(38.296)
(Revenues) / expenses of investments	28.265	-
Finance cost (net)	431.343	144.042
	1.707.415	1.639.890
Plus/Less adjustments for changes of working capital:		
Decrease/(Increase) of trade receivables	(1.416.038)	(2.194.306)
Decrease/(Increase) of inventories	(2.383.599)	(3.634.534)
(Decrease)/Increase of liabilities (excluding loans)	(408.249)	1.388.858
Minus:		
Interest and related expenses paid	(327.220)	(111.313)
Total inflows / (outflows) from operating activities(a)		
Plus/Less adjustments for changes of working capital:	(2.827.691)	(2.911.405)
<u>Investing Activities</u>		
Purchase of tangible and intangible assets	(1.722.763)	(1.599.202)
Proceeds from sales of tangible and intangible assets	1.315	-
Total of inflows / (outflows) from investing activities (b)	(1.721.448)	(1.599.202)
<u>Financing Activities</u>		
Own shares	(4.447)	(22.176)
Proceeds from issued loans	500.000	4.448.179
Proceeds from grants	467.521	-
Repayments of borrowings	(3.662.906)	(2.652.498)
Repayment of financial lease liabilities	(19.969)	(163.481)
Total inflows / (outflows) from Financing Activities (c)	(2.719.801)	1.610.023
Net increase/(decrease) in cash and cash equivalents of the period (a) + (b) + (c)	(7.268.940)	(2.900.583)
Cash and cash equivalents at the beginning of the period	11.727.234	6.377.744
Cash and cash equivalents at the end of the period	4.458.293	3.477.161

Additional information

Development and performance during the period

Regarding market conditions and relevant trends, the uncertainty in the macroeconomic environment remains, without it being possible to assess the evolution of the significant factors affecting the Company's figures - prices of materials, energy, inflation, interest rates, the ongoing war in Ukraine, etc.

In any case, during the first quarter of 2023 a significant part of the materials used by the Company to produce its products has marked a decrease in prices and it is expected to be determined whether their downward trajectory will continue. Equally, energy prices (electricity and natural gas), while remaining at higher levels than those of the pre-pandemic era, are clearly improved compared to the high levels of 2022.

As a result, the gross profit margin in the first quarter of 2023 (28.0%) is at a similar level to that of the corresponding first quarter of 2022 (28.2%), having improved significantly compared to the corresponding margin of the whole of the previous year which rose to 24.4%.

The Company's Management estimates that material and energy prices peaked in the last quarter of 2022, significantly impacting profitability, particularly in the last quarter. To the extent that no other significant extraordinary event occurs, the correction observed in the prices of the above from the beginning of 2023, combined with the rationalization of the company's pricing policy, is expected to positively affect the Company's profitability for the entire year in relative to the year 2022.

Turnover

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%.

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.

Gross Profit

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.

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

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.

Profit for period

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.

Operating flows

Operating cash flows for the first three months were negative and amounted to €2.8 million compared to €2.9 million negative operating cash flow in the first quarter of 2022. The burden of operating flows recurring each year during this period comes mainly from the increase of stocks to serve the high demand of in the summer period, especially in hotel amenities.

Net Borrowings

Net bank debt (bank loans minus cash) amounted to € 22,1m (compared to € 18,1m on 31.12.2022).

Fixed Assets

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.

Financial Structure

The total liabilities in relation to equity as at 31.03.2023 amounted to 1,9 vs 2,1 on 31.12.2022.

Working capital-Liquidity

The working capital (current assets minus short-term liabilities) for the Company amounted to € 2,7m compared to € 4,3m on 31.12.2022.

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.