

**PRESS RELEASE**

April 6<sup>th</sup>, 2023

**Papoutsanis: Financial results for the financial year 2022**

Papoutsanis SA announces the financial results for the financial year ended on 31 December 2022.

**Key financial figures**

- In 2022 Papoutsanis showed a significant growth in turnover and exports, but also a sales increase in all areas of activities, confirming, despite the ongoing challenges, its resilience and successful strategy in the Greek and international markets.
- Double-digit increase (29%) in turnover for the 7<sup>th</sup> consecutive year with sales amounting to EUR 70.8 million compared to EUR 54.8 million in 2021.
- An increase of 36% in exports, which amounted to EUR 46.4 million compared to EUR 34.0 million in 2021 and represent 66% of total turnover.
- Earnings before taxes amounted to EUR 3.9 million compared to EUR 6.1 million, marking a decrease of 36%.
- Earnings after taxes amounted to EUR 3.0 million compared to EUR 4.9 million in the previous year, decreased by 39%.

	<b>Financial Year 2022</b>	<b>Financial Year 2021</b>	<b>Change (in %)</b>
<b>Turnover</b>	€ 70.8 million	€ 54.8 million	29%
<b>Gross profit</b>	€ 17.2 million	€ 17.8 million	-3%
<b>Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)</b>	€ 7.4 million	€ 8.4 million	-12%
<b>Earnings before taxes</b>	€ 3.9 million	€ 6.1 million	- 36%
<b>Earnings after taxes</b>	€ 3.0 million	€ 4.9 million	- 39%

Mr **Menelaos Tassopoulos**, Managing Director of Papoutsanis SA, commented:

"Papoutsanis, during 2022, which was characterised by ongoing macroeconomic challenges, maintained its development trajectory with a significant growth in turnover and an increase in exports in all four sectors of its activities. Sales increase amounted to 29% compared to 2021, with approximately half of the increase being due to an increase in volume and the remainder due to an increase in sales prices in order to cover, for the most part, cost increases at all levels. In this difficult environment, between 100% coverage of the aforementioned cost increase and maintaining sales volume increase and share improvement, we decided to prioritise the latter by absorbing part of the additional cost. We believe that this is the right strategy because it lays a solid foundation for further development of the Company and improvement of its profitability.

Regarding the current year, first impressions from the evolution of material and energy prices during the first quarter are encouraging and, combined with the entry into new product categories through the acquisition of ARKADI, the expansion and extension of our international presence, the return of tourism to pre-pandemic levels and the completion of our three-year investment plan, they create positive conditions for 2023".

### **Financial Results Overview**

2022 was a year of exceptional challenges where the Company's Management was called upon to manage ever-increasing cost pressures at all levels - materials, energy and transportation - while at the same time the purchasing power of consumers decreased. In this intensely inflationary environment, the need to increase sales prices had to be reconciled in order to cover the above costs with the simultaneous maintenance of the Company's competitiveness and the safeguarding of its development, increase of shares in the various markets in which it is active and improvement of its profitability in the short term but mainly in the medium/long term which is also the strategic objective. Thus, pressures on the cost side have been passed on to sales prices to a significant extent and not in their entirety, taking into account, in principle, the objective of maintaining and developing sales volumes and the increase in the penetration of our products in households, factors with a more permanent effect in the long term, but also the partly temporary nature of the intense inflationary pressures on the cost side.

It should be noted that the increases in sales prices relate to all categories, with greater importance going to third party production and specialty soap bases, where the relevant contracts with customers frequently provide for automatic price adjustments at agreed time intervals depending on the development in the cost of materials.

In 2022, turnover amounted to EUR 70.8 million, corresponding to a 29% sales increase compared to 2021. Out of this increase approximately 14% came from sales volume development while the remaining 15% came from an increase in sales prices. The value of exports for Papoutsanis amounted to EUR 46.4 million compared to EUR 34.0 million in 2021 and represents 66% of total turnover, showing a growth of 36%.

Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) due to the abovementioned factors amounted to EUR 7.4 million compared to EUR 8.4 million in 2021, decreased by 12%. For the same reasons, the Company's profitability (before taxes) amounted to EUR 3.9 million compared to EUR 6.1 million in 2021, while profitability after taxes amounted to EUR 3.0 million compared to EUR 4.9 million in the previous year.

### ***Positive trajectory in all four sectors of activities***

The significant growth in turnover can be attributed to the positive trajectory marked by all four product categories in which the Company is active. Specifically, hotel products achieved twice as many sales thanks to the relaunch of the tourism market in Greece and abroad, while sales of specialty soap bases also showed a significant boost. The growth rate in brand product sales and third-party production in Greece and abroad was also positive.

Regarding the contribution of the four activity sectors to total figures, it should be noted that 18% of total revenue comes from sales of Papoutsanis branded products in Greece and abroad, 19% from sales in the hotel market, 43% from third party product production, and 20% from industrial sales of specialty soap bases.

### **Overview by Activity Sector**

Compared to the previous financial year, turnover, by product category, was as follows:

**Brand Products:** The category shows a total growth of 8% compared to 2021, despite the downward trajectory in the retail market and mainly the antiseptic market, whose value decreased by 39% in the period January-December 2022 compared to 2021. Sales of Papoutsanis branded products, excluding antiseptics, increased by 26% compared to 2021, a result due both to organic growth via new launches, investment in communication/marketing and extension of distribution, as well as the positive contribution to the period September-December 2022 resulting from the acquisition of the ARKADI Soap Factory. Excluding ARKADI sales, growth in this category, other than antiseptics, amounts to 16% compared to 2021.

**Hotel Products:** A sales increase was noted by 98% compared to 2021. During the same period last year, this category was in very low levels due to the effects of the pandemic. In 2022, with the relaunch of the tourism market, sales were boosted significantly in Greece and abroad. It is worth noting that sales of 2022 are higher by 51% compared to those of 2019, thanks to the expansion of partnerships with existing customers but also the forging of new ones.

**Third Party Products (Industrial Sales, Private Label):** Sales increase by 12% compared to 2021. This increase came from the further boosting of partnerships with multinational companies for the manufacture of their products, development of customer base and ongoing expansion of the product range offered by Papoutsanis.

**Industrial Sales of Soap Bases:** An increase by 54% in 2022 was marked in this category, mainly relating to exports. The growth is due to the establishment of the company as one of the foremost suppliers of specialty soap bases on the international market, the expansion of the customer base, the continuous boost of the variety of products offered, including syndets, but also the significant increase of sales prices to cover the increased costs of raw materials and production.

### **Business Outlook**

In 2022 as well Papoutsanis achieved a strong double-digit turnover growth coming from both volume development and sales prices increase, setting a higher starting point for the year 2023.

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.

A reverse trajectory is demonstrated by the financial cost due to the continuous increases of Euribor.

The combination of the above works positively on the Company's profitability and therefore, provided that the above trends remain, an improvement in profitability is expected in 2023.

For the year 2023, the Company aims to continue its growth in all four sectors in which it is active:

- The Papoutsanis brand products pillar constitutes a strategic priority and is expected to be significantly boosted in 2023, through the enrichment of the product range, dynamic advertising support and boosting our in-store presence, as well as by also our entering into new categories using ARKADI as the main vehicle.
- The hotel products sector is expected to be a main growth axis for Papoutsanis, as the forecasts for tourism are very optimistic, both in Greece and abroad. At the same time, we continue to dynamically build on our long-term existing partnerships with our strategic customers, while strong foundations have been laid as well for the development of exports of our brand hotel products to new markets.

- Finally, third-party production and specialty soap bases categories are expected to continue to grow mainly through the expansion of the customer base but also through the development of syndets.

At the same time, in 2022 Papoutsanis completed the strong investment plan of the last three years amounting to approximately EUR 25 million, with the aim of productivity increase, production of new innovative products and expansion of storage facilities, actions that will contribute to the reduction of operating cost. With the end of this very important investment cycle, investments for 2023 are envisaged to remain at significantly lower levels. In 2023, the Company is focusing on further cost reduction and resource saving through the full exploitation of the latest investments in the factory and warehouses and optimisation of internal operations.

For 2023, the Board of Directors of Papoutsanis intends to propose to the Ordinary General Meeting of Shareholders the distribution of a dividend of a gross amount of €0.02 per share. The proposed distribution is subject to the approval of the Ordinary General Meeting of Shareholders. Furthermore, it should be noted that at the meeting of the Board of Directors of the Company on 31.10.2022, the distribution of a gross interim dividend in the amount of €0.02 per share was approved, which was paid to the shareholders on 12.12.2022.