

ANNOUNCEMENT

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Papoutsanis SA: First Quarter 2021 Financial Results

Increased exports and sales of branded products led to dynamic turnover growth

Papoutsanis SA announced the financial results for the period ending on March 31st 2021.

Key financial figures

- Double-digit growth continues, exports and sales of branded products significantly expanded.
- Turnover amounted to € 10,29 million, increased by 28% while exports amounted to € 6,06 million increased by 13%.
- Profits before taxes amounted to € 0,74 million, compared to € 0,57 million in the same period in 2020.
- Profits after taxes amounted to € 0,54 million, compared to € 0,47 million in the same period in 2020.

	Q1 2021	Q1 2020	Change %
Turnover	€ 10,29 mil.	€ 8,06 mil.	28%
Gross profit	€ 2,96 mil.	€ 2,11 mil.	40%
Earnings Before Interest, Tax, Depreciation and Amortization EBITDA	€ 1,22 mil.	€ 1,00 mil.	21%
Earnings before taxes	€ 0,74 mil.	€ 0,57 mil.	29%
Earnings after taxes	€ 0,54 mil.	€ 0,47 mil.	15%

Menelaos Tassopoulos, Chief Executive Officer at Papoutsanis SA commented: "Just like the previous year, 2021 is expected to be a period of exceptional circumstances characterized by volatility and uncertainty both domestically and internationally. In this demanding environment, the safety and health of our employees and partners remains a top priority. In this regard, the company has put in effect the optimum safety measures, regardless of any other parameters. Regarding the performance of the company in 2021, we believe that this year we will record significant growth rates, further strengthening the company's position in all sectors in which we operate both in Greece and abroad. Based on sustainability, innovation and extroversion, our emphasis remains on the development of new commercial initiatives, the expansion of our investment plans, the implementation of actions to promote the company's products and the entry into new product categories".

Financial Overview

Another quarter of growth was completed for the company. The turnover increased by 28% in the first quarter of 2021. Specifically, the sales of Papoutsanis SA during this period amounted to €10.29 million, compared to €8.06 million in the same period in 2020.

Since the beginning of 2021, Papoutsanis SA directly serves the large retail chains. This development brought a corresponding change in the way of pricing, resulting in an increase in the published turnover by € 0.3 million and an equal increase in selling expenses. Had this change not taken place, turnover would have risen to € 10 million and selling costs would have risen to € 1 million.

Turnover increase is mainly attributed to the high performance of branded products and third-party manufacturing categories.

Papoutsanis SA export activity increased by 13% in the first quarter of 2021 compared to the same period in 2020. Papoutsanis SA exports amounted to € 6.06 million representing 59% of total turnover.

Papoutsanis' branded products sales in Greece and abroad represent 24% of total turnover, hotel amenities sales contributed 4% to the total turnover of the company, third party manufacturing represents 58% of total turnover and soap noodles sales contributed 14% to the company's turnover.

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 to € 2.96 million versus € 2.11 million in the same period in 2020, an increase of 40%. Gross profit margin improved to 29%, compared to 26% in the first quarter of 2020.

Consolidated earnings before taxes increased by 29% and amounted to € 0.74 million, compared to profit of € 0.57 million in the same period in 2020, while profit after taxes amounted to € 0.54 million, increased by 15% compared to the same period in 2020. The improved tax ratio in the first quarter of 2020, compared to the current one, is due to the use of the accumulated tax losses from previous financial years.

The results before taxes, financial, investment results and depreciation (EBIDTA) were (for the Group and the Company) profits of € 1.22 million compared to profits of € 1 million in the first quarter of 2020.

Overview by business segment

Branded products

Papoutsanis branded products sales category increased by 107% in the first quarter of 2021 compared to the same period in 2020. Excluding the above mentioned change in the way of pricing due to the direct service of large retail chains, this category would increase by 82%. The direct approach of organized retail, the strengthening of the communication plan and the promotion of branded products, the entry into new product categories, such as antiseptics and surface disinfectants, but also the increase in demand for personal hygiene products in general benefiting from the increased

demand for personal hygiene products and antiseptics, contributed to the growth of the category.

Hotel Amenities

The hotel amenities category significantly shrank by 70% in the current quarter, given that in the first quarter of 2020 the hotel market, especially abroad, operated normally while in the first quarter of 2021 the market was, practically, closed both in Greece and abroad. This category is expected to recover, to some extent, from the end of the second, beginning of the third quarter of 2021, when the restoration of tourism and traveling is expected to begin. The implementation of new collaborations with international hotel chains in the European market will begin in the same period and it is expected to further strengthen the category.

Third party manufacturing, private label

The specific category increased by 62% compared to the first quarter of 2020. The further expansion of existing co-operations with large multinational companies, contributed to the increase in sales volume.

Soap Noodles

Soap Noodles segment, mainly exports, decreased by 21% compared to the first quarter in 2021 due to the then extremely high demand. In any case, it is estimated that due to new collaborations and the opening of the new synthetic soap noodles production unit, this decrease will be covered in the coming quarters.

Business Outlook

The company's management team aims to enhance the turnover of Papoutsanis while strengthening profitability, controlling its production and operating costs and focusing on innovative products that promote sustainability. To that end, the company's investment plan is in progress since the beginning of 2020. The investment plan is expected to be completed in the second half of this year and to further strengthen the company's position in the European market, as one of the largest, most modern and innovative soap and cosmetics production units.