

Announcement

August 4, 2021

Papoutsanis SA: Financial results, first semester of 2021

Positive track record, increase in branded product sales, expansion of established collaborations in the fields of third-party manufacturing and soap noodles' supply, positive business perspectives for the second semester of 2021.

First semester 2021 – Main financial figures

- Turnover up 16% during the first semester of 2021.
- Turnover of 24.2 million euro in the first half of 2021, compared to 20.9 million euro in the first semester of 2020.
- Consolidated profit before tax of 3 million euro, compared to 3.2 million euro in the first semester of 2020.
- Consolidated profit after tax of 2.5 million euro, compared to 2.3 million euro in the first semester of 2020.

	Semester 1, 2021	Semester 1, 2020	Change%
Turnover	€ 24.2 million	€ 20.9 million	+16%
Gross profit	€ 8.0 million	€ 7.1 million	+13%
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	€ 4.0 million.	€ 4.5 million	-10%
Profit before tax	€ 3.0 million	€ 3.2 million	-6%
Profit after tax	€ 2.5 million	€ 2.3 million	+11%



Menelaos Tassopoulos, CEO of Papoutsanis SA, stated: "Papoutsanis' financial growth during the first semester of 2021, despite the uncertainty caused by the pandemic, confirms the effectiveness of the company's strategic development plan, which includes the investments which are due to be completed by the end of 2021. Based on extroversion, the strong positioning of branded products at points of sale, the expansion of existing partnerships and the development of new partnerships, the prospects of Papoutsanis are optimistic for the second semester of 2021. Through the completion of important investment initiatives and systematic R&D, Papoutsanis' growth will continue, in accordance with society's needs, creating a sustainable future for the company".

Overview - Results

Both the Group and the Company achieved a +16% turnover growth. More specifically, the total sales of Papoutsanis SA for this period, amounted to 24.19 million euro, compared to 20.92 million euro in the first semester of 2020.

Papoutsanis' turnover growth comes as a result of the company's high performance in the branded products sector (excluding antiseptics), third party manufacturing categories and soap noodles' sales (raw material for the production of solid soap).

Papoutsanis SA exports amounted to 14.4 million euro in the first half of 2021, which stands for 60% of total turnover, up 38% from the corresponding number of 2020.

23% of total turnover comes from branded product sales in Greece and abroad, 8% comes from hotel market sales, 54% comes from third party manufacturing and 15% from soap noodles sales.

Gross profit was positively affected by sales growth during the first semester and it amounts to 8 million euros for the Group and the Company - up 13% compared to 7.1 million euro during the same period in 2020.

It's worth noting that, in 2021, there has been a significant increase in raw material prices, as well as shipping costs from/to foreign countries.

The company addressed this sharp cost increase by transferring the extra cost to clients, mostly in the categories of third-party manufacturing and soap noodles industrial sales.

Part of the raw materials used during the first semester were either in the company's stock from 2020 – additionally, the company had negotiated and agreed with key suppliers a certain quantity and price at lower rates than those available in 2021.

Profit before tax for the Group and the Company amounted to 3 million euro, compared to 3.2 million euro during the first semester of 2020. Profit after tax amounted to 2.5



million euro, compared to 2.3 million euro during the first semester of 2020.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 4 million euro, compared to 4.5 million euro during the first semester of 2020.

Overview by Business Segment

Branded Products

Branded product sales increased by 2,5% in the first half of 2021, compared to the first semester of 2020. In 2020, this segment benefited from the increased demand for personal hygiene products and antiseptics, as a result of the COVID-19 pandemic.

Excluding antiseptics, branded product sales increased by 41%, compared to the previous year. Strengthening the positioning of branded products at points of sale will serve the company's strategic plan to improve overall market shares.

Hotel Amenities

During the first semester of 2021, this segment dropped by 5% compared to the same period in 2020. It should be noted that, during this semester, 2/3 of sales were domestic, the rest of those coming from exports - a significant change compared to the first semester of 2020, when exports held the majority stake in hotel amenity sales.

Third-party manufacturing, private label

The segment showed an increase of +28% compared to the first half of 2020, mainly due to the significant expansion of existing co-operations with large, multinational companies from abroad (sales in this category increased by 69% compared to the first half of 2020). These partnerships had started in 2019 and now continue to grow. It should be noted that, in 2020, this category was also positively affected by domestic sales of antiseptics.

Soap noodles

The soap noodles segment mainly consists of exports, which grew by 15%, as the company established itself as one of the main suppliers of soap noodles globally. Growth should also be attributed to the constant expansion of the company's clientele, as well as the range of products on offer. Papoutsanis SA continues to develop this category, investing in Research and Innovation.

Second Semester Outlook

The company's management aims to maintain turnover growth and improve profitability, through the extension of existing partnerships and the development of new partnerships, in all product categories. Meanwhile, the investment plan is currently in the stage of completion and most new mechanical equipment is already in use, boosting the growth rate.

In the second semester of 2021, the management estimates growth rate increase. This estimation is based on:

- The strengthening of the positioning of branded products at points of sale.
- The positive track record in third-party manufacturing, which is expected to be intensified during the rest of the year, due to significant projects which are currently being implemented with existing and perspective clients, most of which are expected to bring results during the second semester of 2021.
- The positive prospects of the hotel amenities market, both in Greece and abroad. Given the figures the company currently has in its disposal, based on orders from Greece and abroad, as well as new partnerships with international chains, the company estimates that during this year, this category will grow by 60% compared to 2020.
- The further strengthening of the soap noodles segment. This category will be boosted by the launch of synthetic soap noodles. These are products with positive ecological footprint and great added value.

On the contrary, the continued increase in raw materials prices, high shipping cost fees, and an increase in energy costs, are factors that negatively affect operating profitability.

All in all, given today's figures, the outlook remains positive, and the company's management estimates that the second semester of the year will show improved operating profitability, compared to both the first semester of 2021 and the second semester of 2020.