

PRESS RELEASE

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Papoutsanis: Financial Results First Quarter 2024

- **Strengthening of branded products by 19%.**
- **Exports represent 58% of the turnover**
- **Net sales in Q1 2024 amounted to EUR 14.2 million compared to EUR 15.3 million in Q1 2023, down by 7.2%.**
- **18% improvement in gross profit, which amounted to EUR 5 million compared to EUR 4.3 million in the corresponding period of 2023.**
- **Significant 52% improvement in profit after tax (EUR 0.7 million compared to EUR 0.4 million in the corresponding period of 2023).**

	First quarter 2024	First quarter 2023	Change
Turnover	€ 14.2 million.	€ 15.3 million.	-7,2%
Gross Profit	€5 million.	€ 4.3 million.	17,5%
Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	€ 1.8 million	€ 1.7 million	7,9%
Profit before tax	€ 0.8 million	€ 0.7 million.	15,8%
Profit after tax	€ 0.7 million.	€0.4 million.	51,9%

Overview of results

Turnover amounted to EUR 14.2 million (compared to EUR 15.3 million in the corresponding period of 2023), down by 7.2%, with the value of exports accounting for 58% of total turnover.

For the full year, turnover is expected to be stronger than in 2023, especially in the second half of 2024, when the new partnerships already underway will be in full swing. This strengthening will also have a further positive impact on the Company's profitability.

Profit after tax amounted to EUR 0.7 million, an improvement of 52% (compared to EUR 0.4 million in Q1 2023) thanks to an 18% improvement in gross profit, which amounted to EUR 5 million compared to EUR 4.3 million, as a consequence of the normalization of material and energy prices compared to the same period last year.

Operating expenses (distribution, administration, research and development) increased by 24%, mainly due to the ARKADI brand advertising, communication and promotion expenses, which were planned for the first quarter of the year, in order to support the major relaunch of the brand and its entry into new home care markets. ARKADI is looking forward to strong double-digit sales growth for 2024 and is already showing a 42% increase in sales in the first quarter.

The improvement in after-tax profits is also supported by lower income tax as a result of the completion of investment programmes that provide for tax exemptions.

The completion of the strong investment plan (which, among other things, has significantly expanded production capacity) has created the conditions for new partnerships.

Papoutsanis is currently negotiating with large multinationals and smaller companies for new projects that will further enhance the development of its business.

Regarding the contribution of the four business segments to the overall figures, it is noted that 27% of the total revenue comes from sales of Papoutsani's branded products, 13% from sales to the hotel market, 42% from product production for third parties and 18% from industrial sales of special soap bases.

Overview by Activity Sector

Branded Products

The category shows strong growth of 19% compared to the first quarter of 2023, which is largely driven by the ARKADI brand, which with its entry into the new laundry and dishwashing categories shows a 42% increase in sales. Excluding ARKADI, sales of PAPOUTSANIS branded personal care products show a 6% increase in Greece compared to the first quarter of 2023, steadily gaining share in value in a market that is moving at a lower growth rate (+1.4% in value for January-March 2024 compared to the same period last year, based on market data for organized retail). Finally, exports of

Papoutsanis branded products are growing dynamically in the first quarter of the year, recording a 28% growth compared to the same quarter in 2023. The pillar of Papoutsanis branded products is a strategic priority and is expected to be further strengthened in 2024, through the enrichment of the product range, dynamic advertising support and the strengthening of our presence in stores.

Hotel Products

Sales of hotel products reduced by 29% in the first quarter of 2024, due to the sales of third-party hotel products abroad, which, although remaining at satisfactory levels, lagged behind compared to the corresponding period last year due to exceptional individual deliveries in early 2023.

Sales to hotels in the domestic market were at the same level as in 2023 and the signals for the Greek tourism market in 2024 are positive, provided that the current geopolitical events do not extend further. In addition, exports of Papoutsanis branded hotel products have more than doubled in the first quarter of 2024 compared to the same period last year, creating a strong foundation for dynamic growth and strengthening the presence of Papoutsanis brands abroad.

Third party products (industrial sales, private label)

Sales in this category were down 12%, a trend driven by overseas markets, which is expected to reverse during the year. Sales in this category are expected to strengthen, particularly in the second half of the year, due to the full development of a new partnership with a major multinational company. In addition, in the first quarter of 2023, quantities were delivered to multinational customers of products that were subsequently discontinued as part of the re-evaluation of their product portfolio based on low margins due to inflationary pressures.

Industrial sales of soap bases

Sales of the soap bases category in terms of volume remain at the same level as in the first quarter of 2023 and with much better profitability. The Company's goal remains to expand its customer base and grow its synthetic soap bases.

Business Perspective

The global macroeconomic environment remains volatile while the outlook for the domestic market is more encouraging. At the same time, the first quarter

of 2024 shows a levelling off of material and energy prices compared to the first quarter of 2023, but without any fluctuations.

In addition to the above external factors, the Company has developed strategies and initiatives to further improve its profitability and turnover, such as:

- **Increased competitiveness and flexibility of our Ritsona plant**, as a result of the completion of our three-year investment plan, which ensures:
 - significant overcapacity (50% on average), allowing for new partnerships and limited investment for the next 2-3 years,
 - reduction of production costs thanks to technologically modern equipment that allows competitive prices to our customers and improved profitability,
 - a firm focus on sustainability-driven growth with the installation of photovoltaic panels (expected to be operational in the second half of 2024), which, in addition to the positive environmental footprint, will contribute to further improving production costs.
- **Significant expansion of the participation of Papoutsanis branded products - consumer and hotel products - in the Company's total turnover** with:
 - entering major new markets (home care) in order to increase the penetration and market share of our branded consumer products,
 - Strengthening the trade group of branded hotel products, both domestic and export, for dynamic expansion of the sales network,
 - focus on innovation and sustainability with new proposals and solutions that give a competitive advantage to our branded lines in Greece and abroad.
- **Inclusion of new important customers in the third party production category while expanding our customer base**
- **Strengthening and empowering the Company's people**
 - Continuous training and development of human resources skills.
 - A flat and efficient organisational structure, allowing for speed and flexibility.
 - Attracting and retaining talent in strategic positions of the Company.
- **Ensuring economic vitality and sustainable growth on strong foundations and creating value for all stakeholders:**
 - restructuring and rationalisation of expenditure,
 - enhancing operational liquidity by optimising the parameters affecting it (inventories, trade receivables, payables and investment control).

