

PRESS RELEASE

October 22nd, 2024

Papoutsanis: Financial Results for the first nine months 2024

- **Strengthening of branded products by 14%.**
- **Exports represent 53% of the turnover**
- **Net sales in the first nine months 2024 amounted to EUR 49.6 million compared to EUR 47.4 million in the corresponding period of 2023, up by 5%.**
- **19% improvement in gross profit, which amounted to EUR 18.6 million compared to EUR 15.6 million in the corresponding period of 2023**
- **Increase in EBITDA by 21%, which amounted to EUR 8.1 million compared to 6.7 million in the corresponding period of 2023.**
- **Profit before tax amounted to EUR 4.8 million compared to EUR 3.6 million in in the corresponding period of 2023.**
- **Profit after tax amounted to EUR 3.9 million, compared to EUR 2.8 million in the in the corresponding period of 2023.**

	01.01.2024- 30.09.2024	01.01.2023- 30.09.2023	Change
Turnover	€ 49.6 m	€ 47.4 m	5%
Gross Profit	€ 18.6 m	€ 15.6 m	19%
Earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	€ 8.1 m	€ 6.7 m	21%
Profit before tax	€ 4.8 m	€ 3.6 m	32%
Profit after tax	€ 3.9 m	€ 2.8 m	41%

Overview of performance

Turnover amounted to EUR 49.6 million (compared to EUR 47.4 million in the corresponding period of 2023), an increase of 5%, with the value of exports representing 53% of total turnover.

Regarding the contribution of the four business segments to the overall figures, it is noted that 30% of the total revenue comes from sales of branded Papoutsanis products, 18% from sales to the hotel market, 36% from for third party products and 16% from industrial sales of special soap bases.

The completion of the strong investment plan of the last years has created the necessary free capacity (approximately 50% on average), setting the right conditions for new partnerships. The Company is currently in negotiations with large multinationals and smaller companies for new projects that will further enhance turnover and profitability, and new projects have already been agreed with existing customers that will boost turnover in the coming year.

Gross profit amounted to EUR 18.6 million compared to EUR 15.6 million in the first nine months of 2023, an improvement of 19% thanks to the greater contribution of branded products in the retail and hotel market to total turnover. The gross profit margin reached 37.6% versus 33%.

Operating expenses (selling, administration, research and development) amounted to EUR 12.7 million compared to EUR 11 million in the first nine months of 2023, up 15%, mainly due to advertising, communication and promotion expenses for branded products, which show strong growth of 14%.

Profit after tax amounted to EUR 3.9 million, an improvement of 41% (compared to EUR 2.8 million in the first nine months of 2023). The improvement in Profit after tax is also due to the reduced income tax because of the completion of investment programs that provide for tax exemptions.

Overview by Business Segment

Regarding the contribution of the four business segments to the overall figures, it is noted that 30% of the total revenue comes from sales of branded Papoutsanis products,

18% from sales to the hotel market, 36% from for third party products and 16% from industrial sales of special soap bases.

Branded Products: The category shows strong growth of 14% compared to the first nine months of 2023, largely driven by the ARKADI brand, which with its entry into the new laundry care and dishwashing liquid categories is showing an 80% increase in sales. Excluding ARKADI, sales of PAPOUTSANIS' branded personal care products show a 2% increase compared to the first nine months of 2023 driven mainly by exports, which recorded a 28% growth. Papoutsanis' branded products pillar is a strategic priority and is expected to be further strengthened in the last quarter of 2024 through enriching the product range, advertising support and strengthening our in-store presence.

Hotel Products: Hotel products sales declined 5% in the first nine months of 2024, driven by third-party hotel product sales overseas. Third-party overseas sales lagged the prior-year period due to one-off deliveries in early 2023, but improved significantly in Q3 2024. Sales of PAPOUTSANIS branded hotel products moved positively, showing sales growth of 10%, driven by exports, which grew at a strong double-digit rate in the first nine months of 2024 (+70%) compared to the same period last year, creating strong foundations for dynamic growth and strengthening the presence of PAPOUTSANIS brands abroad.

Third party products (industrial sales, private label): sales in this category remained at last year's levels during the nine-month period, showing a significant improvement during Q3 2024, with new partnerships paying off and reversing the downward trend of H1 2024.

Industrial soap sales: Soap bases sales increased 14% compared to the first nine months of 2023. The Company's goal remains to continuously expand its customer base and further develop its synthetic soap bases.

For the full year, further strengthening of turnover and profitability is estimated compared to 2023, as the positive effect of the new partnerships that started in 2024 is reflected and will be in full swing in the last quarter of the year.

By product category:

- The pillar of Papoutsanis branded products is a strategic priority and is expected to continue its dynamic double-digit growth and market share increase, through the enrichment of the product range, significant advertising support and the strengthening of its presence in stores, as well as by entering new categories with ARKADI as the main vehicle. At the same time, exports of branded products are growing at a double-digit rate.
- The branded hotel products sector is expected to move positively for the full year 2024 mainly driven by significant export growth. Third-party hotel product production is expected to make up some of the shortfall seen in the first nine months.
- The third-party production category is expected to remain at the same level as last year, while sales of the soap bases category are estimated to follow the same upward trend for the whole of 2024. The Company's objective remains the continuous expansion of the customer base and further development of the product range.