



# PAPOUTSANIS S.A.

## CONDENSED FINANCIAL INFORMATION

For the period from 01.01.2020 to 31.03.2020



*INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME OF CONSUMER PRODUCTS  
GECR Nr 121914222000*

*71th Km ATHENS - LAMIA NATIONAL ROAD, HALKIDA*

**Statement of Financial Position**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.03.2020</b>	<b>31.12.2019</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets	28.758.277	27.821.937	28.758.277	27.821.937
Investments in real estate property	226.707	226.707	226.707	226.707
Intangible assets	216.442	177.878	216.442	177.878
Investments in subsidiaries	-	-	52.166	40.208
Other non-current assets	17.738	17.797	16.876	16.876
	<b>29.219.164</b>	<b>28.244.319</b>	<b>29.270.468</b>	<b>28.283.606</b>
<b>Current assets</b>				
Inventories	5.965.058	3.870.807	5.929.634	3.848.071
Trade receivables (open balance)	5.803.735	4.088.953	5.842.380	4.088.953
Trade receivables (covered by checks)	329.713	108.896	329.713	108.896
Other current assets	1.107.855	649.616	1.107.465	610.728
Cash and cash equivalents	7.368.286	2.650.657	7.325.655	2.639.812
	<b>20.244.934</b>	<b>11.260.032</b>	<b>20.205.134</b>	<b>11.187.564</b>
<b>Total Assets</b>	<b>49.464.098</b>	<b>39.504.351</b>	<b>49.475.602</b>	<b>39.471.170</b>
<b>EQUITY</b>				
<b>Equity attributable to the shareholders of the parent</b>				
Share Capital	14.066.310	14.819.862	14.066.310	14.819.862
Share Premium	14.431.168	14.431.168	14.431.168	14.431.168
Fair value reserves	1.551.930	1.551.930	1.551.930	1.551.930
Exchange rate differences	(3.378)	(275)	-	-
Other Reserves	217.200	217.200	217.200	217.200
Retained earnings	(11.299.405)	(11.783.630)	(11.263.041)	(11.749.464)
<b>Total equity attributable to the Shareholders of the parent</b>	<b>18.963.825</b>	<b>19.236.255</b>	<b>19.003.567</b>	<b>19.270.696</b>
<b>Non-controlling interests</b>	12.424	(8.600)	-	-
<b>Total Equity</b>	<b>18.976.249</b>	<b>19.227.655</b>	<b>19.003.567</b>	<b>19.270.696</b>
<b>LIABILITIES</b>				
<b>Long-term Liabilities</b>				
Long term borrowings	10.773.042	5.892.022	10.773.042	5.892.022
Deferred income tax	3.384.794	3.279.561	3.384.794	3.279.561
Provisions for employee benefits	806.625	792.994	806.625	792.994
Other provisions	175.142	175.142	175.142	175.142
Grants	1.337.097	1.368.385	1.337.097	1.368.385
	<b>16.476.700</b>	<b>11.508.104</b>	<b>16.476.700</b>	<b>11.508.104</b>
<b>Short-term liabilities</b>				
Suppliers and other liabilities	7.503.718	5.406.224	7.491.902	5.346.863
Other short term liabilities	1.704.905	1.101.079	1.700.907	1.084.216
Short term borrowings	4.802.527	2.261.290	4.802.527	2.261.290
	<b>14.011.150</b>	<b>8.768.592</b>	<b>13.995.336</b>	<b>8.692.369</b>
<b>Total Liabilities</b>	<b>30.487.849</b>	<b>20.276.696</b>	<b>30.472.035</b>	<b>20.200.474</b>
<b>Total Liabilities and Equity</b>	<b>49.464.098</b>	<b>39.504.351</b>	<b>49.475.602</b>	<b>39.471.170</b>

**Income Statement**

	GROUP		COMPANY	
	01.01- 31.03.2020	01.01- 31.03.2019	01.01- 31.03.2020	01.01- 31.03.2019
Turnover	8.059.893	5.768.882	8.054.862	5.768.882
Cost of Sales	(5.947.905)	(4.174.495)	(5.952.664)	(4.174.495)
<b>Gross Profit</b>	<b>2.111.988</b>	<b>1.594.387</b>	<b>2.102.197</b>	<b>1.594.387</b>
Other income	126.328	89.038	126.328	89.038
Selling and distribution expenses	(719.422)	(892.620)	(719.422)	(892.620)
Administrative expenses	(651.743)	(576.266)	(629.104)	(576.266)
Research & Development expenses	(157.798)	(43.472)	(157.798)	(43.472)
Other expenses	(26.093)	(89.272)	(25.861)	(89.272)
Financial expenses (net)	(108.601)	(116.266)	(104.684)	(116.266)
Profit before Tax	<b>574.659</b>	<b>(34.472)</b>	<b>591.656</b>	<b>(34.472)</b>
Deferred income tax	(105.233)	(5.690)	(105.233)	(5.690)
<b>Net operating profit (A)</b>	<b>469.426</b>	<b>(40.162)</b>	<b>486.423</b>	<b>(40.162)</b>
- owners of the parent	477.924	(40.162)	486.423	(40.162)
- non-controlling interests	(8.498)	-	-	-
<b>Other comprehensive income</b>				
Exchange rate differences of Consolidation	(2.386)	-	-	-
<b>Other comprehensive income after tax (B)</b>	<b>(2.386)</b>	-	-	-
<b>Total comprehensive income after tax (A + B)</b>	<b>467.040</b>	<b>(40.162)</b>	<b>486.423</b>	<b>(40.162)</b>
- owners of the parent	474.821	(40.162)	486.423	(40.162)
- non-controlling interests	(7.781)	-	-	-
<b>Earnings before interest, taxes, depreciation</b>	<b>651.972</b>	<b>50.412</b>	<b>665.053</b>	<b>50.412</b>
<b>Earnings before interest, taxes, depreciation and amortization</b>	<b>1.002.610</b>	<b>473.630</b>	<b>1.015.690</b>	<b>473.630</b>
<b>Earnings after taxes per share</b>	<b>0,0190</b>	<b>(0,0016)</b>	<b>0,0194</b>	<b>(0,0016)</b>

**Cash Flow Statement**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>01.01- 31.03.2020</b>	<b>01.01- 31.03.2019</b>	<b>01.01- 31.03.2020</b>	<b>01.01- 31.03.2019</b>
<b><u>OPERATING ACTIVITIES</u></b>				
Profits before tax	574.659	(34.472)	591.656	(34.472)
<b>Plus / (minus) adjustments for:</b>				
Depreciation and Amortization	350.638	423.218	350.638	423.218
Provisions	13.631	10.176	13.631	10.176
Exchange rate differences	(2.353)	-	-	-
Grants Depreciation	(31.287)	(31.382)	(31.287)	(31.382)
Finance cost (net)	108.601	116.266	104.684	116.266
	<b>1.013.887</b>	<b>483.806</b>	<b>1.029.321</b>	<b>483.806</b>
<b>Plus/Less adjustments for changes of working capital:</b>				
Decrease/(Increase) of inventories	(2.094.251)	(1.653.178)	(2.081.564)	(1.653.178)
Decrease/(Increase) of trade receivables	(2.173.022)	(2.069.189)	(2.250.164)	(2.069.189)
(Decrease)/Increase of liabilities (excluding loans)	1.947.768	968.920	2.008.177	968.920
<b>Minus:</b>				
Interest and related expenses paid	(63.263)	(141.188)	(59.347)	(141.188)
<b>Total inflows / (outflows) from operating activities(a)</b>	<b>(1.368.881)</b>	<b>(2.410.830)</b>	<b>(1.353.576)</b>	<b>(2.410.830)</b>
<b><u>Investing Activities</u></b>				
Purchase of tangible and intangible assets	(1.325.542)	(293.042)	(1.325.542)	(293.042)
Participations	-	-	(11.958)	-
<b>Total of inflows / (outflows) from investing activities (b)</b>	<b>(1.325.542)</b>	<b>(293.042)</b>	<b>(1.337.500)</b>	<b>(293.042)</b>
<b><u>Financing Activities</u></b>				
Proceeds from share capital increase	35.133	-	-	-
Proceeds from issued loans	7.574.087	658.458	7.574.087	658.458
Repayments of borrowings	(79.076)	(76.513)	(79.076)	(76.513)
Repayment of financial lease liabilities	(118.092)	(134.713)	(118.092)	(134.713)
<b>Total inflows / (outflows) from financing Activities (c)</b>	<b>7.412.052</b>	<b>447.232</b>	<b>7.376.919</b>	<b>447.232</b>
<b>Net increase/(decrease) in cash and cash equivalents of the period (a) + (b) + (c)</b>	<b>4.717.629</b>	<b>(2.256.640)</b>	<b>4.685.843</b>	<b>(2.256.640)</b>
Cash and cash equivalents at the beginning of the period	2.650.657	2.940.575	2.639.812	2.940.575
<b>Cash and cash equivalents at the end of the period</b>	<b>7.368.286</b>	<b>683.934</b>	<b>7.325.655</b>	<b>683.934</b>

## **Additional information**

### **Turnover**

Group and Company turnover amounted to €8,1m versus €5,8m the first quarter of 2019, increased by 40%.

Exports amounted to €5,4m versus €2,8m in the corresponding period of 2019, increased by 90%. Exports represent 67% of total Q1 2020 turnover while at the same period of 2019 exports represented 49%.

46% of total Q1 2020 turnover comes from third-party product sales, 17% from hotel amenities sales, 15% from Papoutsanis' branded products sales in Greece and abroad, and 22% from industrial soap noodles sales. No antiseptics were sold in the first quarter of 2020.

The turnover in relation to the corresponding quarter of 2019, by product category, was as follows:

- **Branded products.** The specific sector sales grew by 10% in the first quarter of 2020 compared to the same period in 2019, benefiting from the increased demand for soap and liquid soap products, as a result of the COVID-19 pandemic.
- **Hotel Amenities.** Hotel amenities Q1 2020 turnover declined by 30% compared to Q1 2019. The decline in the domestic market was sharp (reaching 53%), since hotels did not make purchases of hotel amenities for the Easter period. Sales of hotel amenities abroad declined by 18% compared to the first quarter of 2019, given that travel restrictions in many countries in Europe, but also in America, were put in effect with delay compared to Greece.
- **Third Party Manufacturing ( Private Label and Industrial Sales).** In this category an 128% increase in sales has been achieved, compared to Q1 2019. The category growth came from the further expansion of an existing co-operation with a large multinational company, which had already begun to grow significantly since the second quarter of 2019, related mainly to production of soaps. In addition, the demand of all domestic and foreign customers in solid soap and other personal hygiene products was enhanced.
- **Soap Noodles.** This category, mainly exports, grew by 70%. The growth is due to the expansion of the clientele and the increased demand, as soap noodles are intermediate products used for the production of soaps.

### **Gross profit**

Consolidated gross profit amounted to €2,1m versus €1,6m in the corresponding period of 2019 improved by 32%. Consolidated gross profit margin amounted to 26,2% versus 27,6% in the first quarter of 2019. The reduction of gross profit margin is due to different product mix and particularly due to the important enhancement of production for third parties in combination with the reduction of hotel sales.

### **Profit for the period**

Consolidated profit before taxes amounted to €0,6m versus €0,0m in the first quarter of 2019, while profit after tax amounted to €0,5m versus €0,0m in the corresponding period of 2019.

### **Operating Cash Flow**

Consolidated cash flows were negative and amounted to €-1,4m versus €-2,4m in the corresponding period of 2019. Operating cash flows of the company are usually negative in the first two quarters of the year, given that stock levels increase in order to serve the sales of the next periods, when historically the greatest seasonality is observed.

### **Net Bank Debt**

Consolidated net bank debt (bank loans minus cash) amounted to €8,2m (compared to €5,5m at 31.12.2019).

### **Fixed Assets**

Consolidated fixed assets on 31.03.2020 amount to €28,7m versus €27,8m on 31.12.2019.

### **Financial structure /Debt to Equity Ratio**

The total liabilities of the Group in relation to equity is 1,61 on 31.03.2020 versus 1,05 on 31.12.2019. The total liabilities of the Company in relation to equity is 1,6 on 31.03.2020 versus 1,05 on 31.12.2019.

### **Working Capital-Liquidity**

Consolidated working capital (current assets minus current liabilities) on 31.03.2020 amounted to €6,2m versus €2,5m on 31.12.2019. Working capital has increased due to higher stock levels necessary to address seasonality on the upcoming months. Furthermore, the Company increased its stock in some strategic raw materials in order to shield production as much as possible due to Covid-19.

### **The Impact of COVID – 19 on Company - Objectives and Perspectives**

Given the unprecedented crisis as a result of COVID-19 that Greece and the planet are facing, the safety of its employees and partners became a top priority for Papoutsanis SA. In this regard, the company promptly put in effect all the necessary measures, which updates and / or tightens on a continuous basis, based on the available data.

The impact of the pandemic on the turnover, per sales category, is as follows:

- **Branded Products:** The demand for branded products, mainly soaps and liquid soaps, increased significantly in March while in April the demand continues. The company's estimate is that the trend will continue in the coming months, although not with the same intensity. The start of production and sale of alcoholic antiseptics in single and large packages from April is estimated to positively affect the category.
- **Hotel Amenities:** This category has been significantly affected by a significant decrease since the first quarter. As hotels in Greece and abroad do not operate, a further decline will occur in the second quarter of this year. In the second quarter of 2019, sales of hotel amenities amounted to € 3,2 m. of which a very small percentage, perhaps less than 25%, is expected to be repeated in the second quarter of 2020, depending on the date the restriction measures around the world will be lifted. It is estimated that in the second half of the year the sales of this category will be reduced compared to 2019, although the decline may not be as sharp as in the second quarter of 2020. In the second half of 2019 sales in the category amounted to € 4 m. Finally, the start of sales of alcoholic antiseptics, products that are expected to be required in significant quantities by the hotel market, is estimated to strengthen the category,, however the quantification of this effect is not yet possible.
- **Third Party Manufacturing, Private Label:** Sales in this category in Greece, both private label products sales and industrial sales to domestic customers, have increased as it relates to personal hygiene products. This trend continues in April and, based on the orders received by the company, it is expected to continue in May. The above general comments also apply to sales abroad. The category is expected to grow by the expansion of cooperation with a multinational company, already a customer of Papoutsanis SA, for the almost exclusive production of solid soaps for the European market. Finally, the new third-party manufacturing partnership with a very large German company, to produce about 50% of their European needs in solid soap, is expected to begin in the fourth quarter of 2020. This partnership will be in full swing in 2021.

- **Soap Noodles:** The orders the company received for April and May are increased, also due to COVID-19. At the same time, expanding the customer base will help the category to further develop.

As mentioned above, in April, the company began the production of alcoholic antiseptic products, to cover, as much as possible, the increased demand due to the pandemic. These products are available in individual pocket packages as well as in larger ones, in order to meet the needs of consumers as well as the needs of industrial customers and hotels. The first indications are positive and it will be possible to estimate the amount of the respective sales once there is a better picture of the market.

In March 2020, the company received a long-term loan of € 5 million from the European Bank for Reconstruction and Development (EBRD) to finance its investment plan.

The aim of the Management, both in the short term and in the medium term, remains to maintain the growth potential of the Company and improve its profitability by increasing its turnover, focusing on higher value-added products that simultaneously promote sustainability as well as the expansion of its customer base in the various sectors in which it operates.