

Athens, June 29 2022

### **Response to a letter sent by the Hellenic Capital Markets Commission**

The company GR. SARANTIS S.A. (the “Company”), following the Hellenic Capital Market Commission’s inquiry letter No 1583 dated June 27<sup>th</sup> 2022 regarding the sale of the Company’s participation in the Joint Venture with The Estee Lauder Companies, informs the investors’ community as follows:

- 1) On 15.6.2022 the sale and purchase agreement for the sale of 49% stake in ELCA to Estee Lauder Europe was signed, after negotiations resulting in a mutually beneficial agreement. There are no contingencies in this agreement. The agreement contains the usual terms of a sale of shares.  
The sale has already taken place and the purchase price has been partially paid off. More specifically, the amount of EUR 14 million was paid on 16.6.2022, and the balance will be paid in two equal installments of EUR 20,6 million, in January 2025 and in January 2028.  
Mr. Grigoris Sarantis, will cooperate with and assist Estee Lauder during the transition period, for one year.
- 2) As announced by the Company on 30.7.2019, the stake of the Company in the capital of the joint venture with Estee Lauder (JV), would have gradually fallen to 40% for the years 2022-2024 and to 15% for the years 2025-2027 and the final divestment would have taken place following the publication of the financial statements of the FY 2027. The agreed purchase price is therefore, deemed, particularly satisfactory given that it finalizes the amount to be paid thus reducing our Company’s risk exposure on future potential negative variations in the business environment.  
Additionally,
  - (a) The Company, by using the above-mentioned amounts, will be able to support its investment plan of mergers and acquisitions in relation to its strategic activities and
  - (b) To search for strategic collaborations within the competitive field of cosmetics and fragrances.
- 3) The Company is not aware that any financial (forensic) audit was being carried out in the JV, or its subsidiaries until the date of the sale.
- 4) The Group is already in the process of replacing the profitability of the Joint Venture by executing promptly a specific strategy that focuses on the one hand on intensifying the Group's acquisition plan and on the other hand on concluding new distribution agreements. Regarding the acquisitions, these are in line with specific criteria in order to provide synergies, contribute to profitability and offer added value. They focus on the Group’s strategic categories of personal care products and home care products, within the Group’s geographical region and distribution network.

More specifically, the Company has already announced the acquisition of Stella Pack S.A., a Polish consumer household products company <https://sarantisgroup.com/news/sarantis-group-announces-the-acquisition-of-stella-pack-in-poland-2-3-22/> , that is subject to the approval of the antimonopoly authorities in the countries of Stella Pack’s activity and is estimated to be finalized by the beginning of Q4 2022.

STELLA PACK is a leading player in the production and distribution of household products, boasting 25 years of successful presence in the categories of Garbage Bags, Food Packaging and Household Cleaning Items, while in 2021 its turnover amounted to c. 65 million euros and its EBITDA reached 8.5 mil. euros. Due to the Group’s homogeneity with the acquired company, synergies will be utilized at all business levels, from sales to administrative services, warehouses and factories. Therefore, this acquisition is expected to add significant value to the Group and it is estimated that in 2023 the total EBITDA, including

synergies, will amount to at least 12 million euros per year, exceeding the JV's potentially expected profitability by at least € 150%.

At this point it is reminded that the expected future profitability of the JV would be in any case, reduced compared to the past, given that, as mentioned above, the participation of our Company in the joint company would be gradually reduced.

At the same time, the management is considering additional acquisition targets that are compatible with the Group's strategic activities and criteria.

Additionally, the Group has now increased possibilities for concluding new distribution agreements with foreign cosmetics companies, which was not possible in the past. This will lead to significant prospects for enriching the Group's portfolio and increasing further its profitability.