

## GR. SARANTIS S.A.

### Consolidated Financial Results First Half of 2022

#### SIGNIFICANT SALES GROWTH OF 9.3% AMIDST CHALLENGING CONDITIONS

#### COMMITTED BEHIND THE IMPLEMENTATION OF THE GROUP'S STRATEGIC GROWTH PLAN

During the first half of 2022, the Group presented a significant sales growth momentum against a backdrop of substantial increases in input costs that were exacerbated due to the war in Ukraine.

The Group's total turnover during H1 2022 reached € 213.48 million from € 195.24 million in H1 2021, up by 9.34%, a significant performance driven by both value and volume.

The diversification of its product portfolio and its ability to exploit opportunities in high-potential spaces, as well as pricing actions, supported sales growth, across the Group's region and particularly within the categories of deodorants, face skin care, sun care, body wash, garbage bags, food packaging products and food supplements.

Greek sales presented a significant growth of 10.29%, outperforming the market. Greek sales amounted to €76.37 million in the first half of 2022 compared to €69.25 mil. in the respective period last year, benefiting from growth opportunities across the mass market, the healthcare and exports channels.

The foreign countries exhibited significant sales growth of 8.82% reaching €137.11 million in the first half of 2022 from €125.99 million in last year's first half. Excluding the fx currency impact, on a currency neutral basis, foreign countries sales presented a growth of 9.3%.

It is worth to mention that Foreign Countries Sales include sales from the Group's subsidiary in Ukraine, Ergopack. Following the initial suspension of its operation as a result of Russia's invasion in Ukraine, Ergopack's production facility, which is based in Kaniv, has been in full operation since the beginning of April of 2022.

Persisting cost inflation, that was further increased due to the war in Ukraine, affects the Group's profitability during the first half of 2022, in comparison to last year's first half that was free from inflationary pressures. Operating expenses and advertising and promotion expenses are still kept under close control in an effort to partially offset the pressure in the Group's Gross Profit margin.

Therefore, the Group's profitability is as follows\*:

- EBITDA\*\* was down by 9.6% to € 22.58 mil. in H1 2022 from €24.98 mil. in H1 2021, with an EBITDA margin of 10.58% from 12.79% in H1 2021.
- Earnings Before Interest and Tax (EBIT) reached € 16.04 mil. during H1 2022 versus € 18.56 mil. in H1 2021, reduced by 13.57%, and EBIT margin stood at 7.51% from 9.51% in H1 2021.
- Earnings Before Tax (EBT) settled at €14.77 mil. in H1 2022 from €18.38 mil. in H1 2021, reduced by 19.64%, with the EBT margin reaching 6.92% from 9.41% in the previous year's first half.
- Net Profit reached €11.59 mil. in H1 2022 from €14.63 mil. in the previous year's first half, down by 20.78%, while Net Profit margin settled at 5.43% from 7.49% in H1 2022.

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Further information at: <https://sarantigroup.com/investor-relations/investor-relations/>

The financial results of H1 2022 will be presented in a conference call on September 9<sup>th</sup> 2022 at **17.00**, local time (GMT+2).  
Telephone number: +30 213 009 6000.

### Consolidated Figures based on Sarantis Group Continuing Activities

P&L (€ mil.)*	H1 '22	%	H1 '21***
Turnover	213.48	9.34%	195.24
Gross Profit	75.02	2.49%	73.20
Gross Profit Margin	35.14%		37.49%
EBITDA **	22.58	-9.60%	24.98
EBITDA Margin	10.58%		12.79%
EBIT	16.04	-13.57%	18.56
EBIT Margin	7.51%		9.51%
EBT	14.77	-19.64%	18.38
EBT Margin	6.92%		9.41%
Tax	3.13	-10.59%	3.50
Profit After Tax	11.64	-21.77%	14.88
Profit After Tax Margin	5.45%		7.62%
Minorities	0.05	-79.71%	0.25
Net Profit	11.59	-20.78%	14.63
Net Profit Margin	5.43%		7.49%

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*\*The financial figures included in the table above present the Continuing activities of the Group excluding ELCA Cosmetics Ltd contribution, since the Group's participation was sold on June 15 2022. Analytical information can be found in the Group's Half-Year 2022 Financial report in paragraph 4.9.2*

*\*\* Alternative Performance Measure, as defined within paragraph 2.9 of the Group's 2022 Semi-Annual Financial Report.*

*\*\*\*The comparative figures for H1 2021 have been revised due to the change of the accounting policy of IAS 19.*

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#### ELCA Cosmetics Ltd sale

The P&L table above presents the Group's consolidated financial figures excluding the contribution of the company ELCA Cosmetics Ltd, which was previously consolidated as an affiliate company through the equity method.

It is reminded that as on June 15 2022 and following twenty-one years of successful partnership, the Group proceeded to the sale of its 49% participation in the JV with The Estée Lauder Companies, ELCA Cosmetics Ltd.

This move was in line with The Estée Lauder Companies go-to-market strategy, as well as Sarantis Group strategy of future growth that is based on its core and strategic activities.

The aggregate purchase price amounted to 55.2 mil euros. 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.

The agreed purchase price is deemed particularly satisfactory for Sarantis Group 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.

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Sarantis Group plans to exploit the additional funds inflow in order to support its investment plan behind of mergers and acquisitions in relation to its strategic activities. Additionally, the Group's release from the Joint Venture gives the opportunity to the Group to search and conclude strategic collaborations within the competitive field of cosmetics and fragrances.

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.

More specifically, the Company has already announced the acquisition of Stella Pack S.A., a Polish consumer household products company, 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%.

It is reminded that the expected future profitability of the JV would have been in any case, reduced compared to the past, given that the participation of Sarantis Group in the joint company would have been gradually reduced to 40% for the years 2022-2024 and to 15% for the years 2025-2027 with the final divestment taking place following the publication of the financial statements of the FY 2027.

### **Update on Ergopack**

On 24 February 2022 we temporarily closed Ergopack's plant that is based in Kaniv and suspended our production for safety reasons. Since April, we progressively restarted manufacturing in Ukraine and are currently distributing and selling, under a strict credit control policy, and therefore we manage to cover the majority of our channels in Ukraine as well as Ergopack's export network. Despite the temporary suspension of Ergopack's activity that lasted for a month and a half, Ergopack's sales during the first half of 2022 amounted to € 9.72 million compared to € 12.6 million in the first half of last year, decreased by 22.9%.

### **Update on the Group's activity in Russia**

Sarantis Group has decided to permanently withdraw from the Russian market in the context of the crisis between Ukraine and Russia.

It is noted that the company GR. SARANTIS S.A., operates until today in the Russian market through its 100% subsidiary HOZTORG LLC., a commercial business.

As of H1 2022 sales of Hoztorg LLC amounted to € 0.75 mil., representing 0.4% of the Group's total sales. The assets of Hoztorg LLC in H1 2022 constituted 0.26% of the Group's total assets.

The Group estimates that the negative impact from the termination of its activity in Russia is expected to amount to approximately 1.2 million euros, which reflects the total equity of the Russian company.

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On the balance sheet front, the Group exhibits a healthy financial position supported by the profitability of the business, balanced capital expenditure as well as the efficient working capital management.

As of the end of the first half of 2022 the Group's net debt over EBITDA ratio (excl. ELCA Cosmetics Ltd) stood at 0.4x, with a net debt position reaching €18.72 mil., from € 5.96 mil as of the end of 2021, due to higher debt and temporarily higher working capital needs. The increased working capital needs result on the one hand from the increase in trade receivables, which is largely due to seasonality and will smooth out in the second half of the year, and on the other hand from the increase in inventories which is related to the increased input prices and reflects the Group's effort to safeguard its costs and production capacity.

Despite a very challenging market environment with COVID-19 pandemic still ongoing, disruptions in the global supply chains and inflationary pressures, the Group, committed to implementing its strategic agenda, invests the cash generated by the business behind initiatives to accelerate growth, either organically or through acquisitions, and to return value to its shareholders.

Within 2022, the Group paid a dividend for FY 2021 of approximately €10 mil. (0.143108 euros per share).

Moreover, within the first half of 2022, the largest part of investments behind the construction of Polipak's new production facility in Poland have been completed, while the full finalization is expected by the end of 2022. Polipak's new garbage bags production plant leads to a more automated production process, which, combined with a new R&D and new high-performance machinery equipment, results in higher production capacity, increased efficiency and products improved in terms of ecological profile, durability and functionality.

As part of its strategy to further grow sales and profits organically, emphasis is given in optimizing the Group's product portfolio, leveraging the strong brand equity within its strategic product categories. Targeted investments and innovation plans are allocated behind strategic product development initiatives in order to drive further growth across our territory.

Moreover, investments relating to infrastructure, systems, processes, and models have been enabled in order to increase further the Group's efficiency and effectiveness.

The Group also remained active behind its agenda for acquisitive growth. After conducting a thorough due diligence process in 2021, the Group managed to enter into an agreement on March 2<sup>nd</sup> 2022 for the acquisition of STELLA PACK S.A., a Polish consumer household products company. The completion of the acquisition is subject to the approval of the antimonopoly authorities in the countries of Stella Pack's activity which is expected by the end of 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 Cleaning items for the Household with an annual turnover of approximately 65 million euros. STELLA PACK's contribution to the cyclical economy will further enhance the Group's efforts towards sustainable production, as it works only with recycled plastic and owns a waste separation line that manufactures internally own recycled plastic covering fully its production needs.

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## **Prospects**

The volatility that characterized 2021 is expected to remain high within 2022, exacerbated even more by the negative impacts of the war in Ukraine. Record inflation, supply chain disruptions, the energy crisis, the risk of recession will likely continue to affect the business environment where we operate.

As we navigate through this complex and challenging operating environment our focus is turned on sustaining our growth momentum and competitiveness while also protecting our profitability margins. To this end, the management is continuously reviewing its action plan, in order to activate further mitigating actions.

The Group's long-term strategy remains intact behind its strategic priorities and we are confident for the Group's further expansion. Our focus is on organic and acquisitive growth, further market development and penetration, cost efficiencies, economies of scale, benefits from synergies and operating leverage.

Sarantis Group management will hold a conference call to comment on the results of H1 2022 on Friday September 9<sup>th</sup> 2022.

Please [click to access details for the conference call](#).

For further information please visit our website: <https://sarantisgroup.com/>

## **Sarantis Group**

*Headquartered in Athens and boasting a history of over 50 years, Sarantis Group is a multinational consumer products company having leading presence in Eastern Europe and an expanding geographical footprint through own subsidiaries and strong export activity worldwide. Our mission is to uplift the mood of consumers, with beautiful simplicity that makes everyday life better, by being always nearby, working closely with our stakeholders to create value sustainably. From Personal Care, Home Care and Health Care Products as well as Luxury Cosmetics, we offer well recognized brands that have a positive impact on people's everyday lives. With strong activity in 13 countries, and in particular in Greece, Poland, Romania, Bulgaria, Serbia, Czech Republic, Slovakia, Hungary, Northern Macedonia, Bosnia-Herzegovina, Portugal, Slovenia and Ukraine, we maintain a dynamic international presence and a powerful distribution network of more than 50 countries around the world.*

## **Information**

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