



Unaudited Consolidated Results

Management report H1 2025

iCotton Group



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Harper Hygienics & iCotton

Locations



The largest producer and seller of wet wipes, cotton buds and pads in Central and Eastern Europe.



Cutting edge manufacturing facilities in Poland and Latvia.



Proven partner in business across Europe, Middle East, Asia and Africa.

iCotton
Liepāja, Latvia

Harper Hygienics
Mińsk Mazowiecki, Poland

Business Overview

Founded in 2011 in Liepāja, Latvia, iCotton is a leading Baltic producer of cotton and hygiene products. The iCotton group also includes the Polish company Harper Hygienics. The group makes cotton buds, pads, wet wipes, feminine hygiene products. Its key brands – Cleanic, Kindii, and Presto – have been well known in Poland for years.

With production facilities in Liepāja (9,000 m², 11 lines) and Warsaw (13,200 m², 44 lines), iCotton group's turnover exceeded 30 million EUR in H1 2025, with 45% from local markets and 55% from the EU and other exports.



- Natural non-woven fabrics

- Feminine hygiene products

- Cotton spunlace

- Cotton pads

- Dry wipes



13 years on the market



- Non-woven fabric Arvell

- Cotton buds

- Cotton pads

- Wet wipes

- Underpads

- Canisters

- Cosmetics



35 years on the market



Highlights of H1 2025



The iCotton Group reported **revenue** of EUR 32.62 million for 6M 2025, reflecting a 6% increase compared to EUR 30.80 million in 6M 2024.



According to the unaudited financial statement, the iCotton Group's **gross profit** reached EUR 10.29 million for 6M 2025, up from EUR 9.43 million in H1 2024. The **gross margin** increased from 30.6% to 31.5%, representing a 0.9 p.p. improvement. This slight improvement indicates steady operational performance and consistent cost management during H1 2025.



An advanced version of the ERP system was implemented to improve **process automation**. New internal **management practices** were introduced, and the organizational structure of the group was optimized for improved efficiency and control.



The disposable **underpads production** line has reached **maximum capacity**, operating in four shifts seven days a week. **To meet growing demand**, the Group is investing in new equipment to expand production capacity.



Regular shipments of **liquid soap** have been launched to both domestic and export markets, strengthening product **diversification and expanding** the company's international presence.

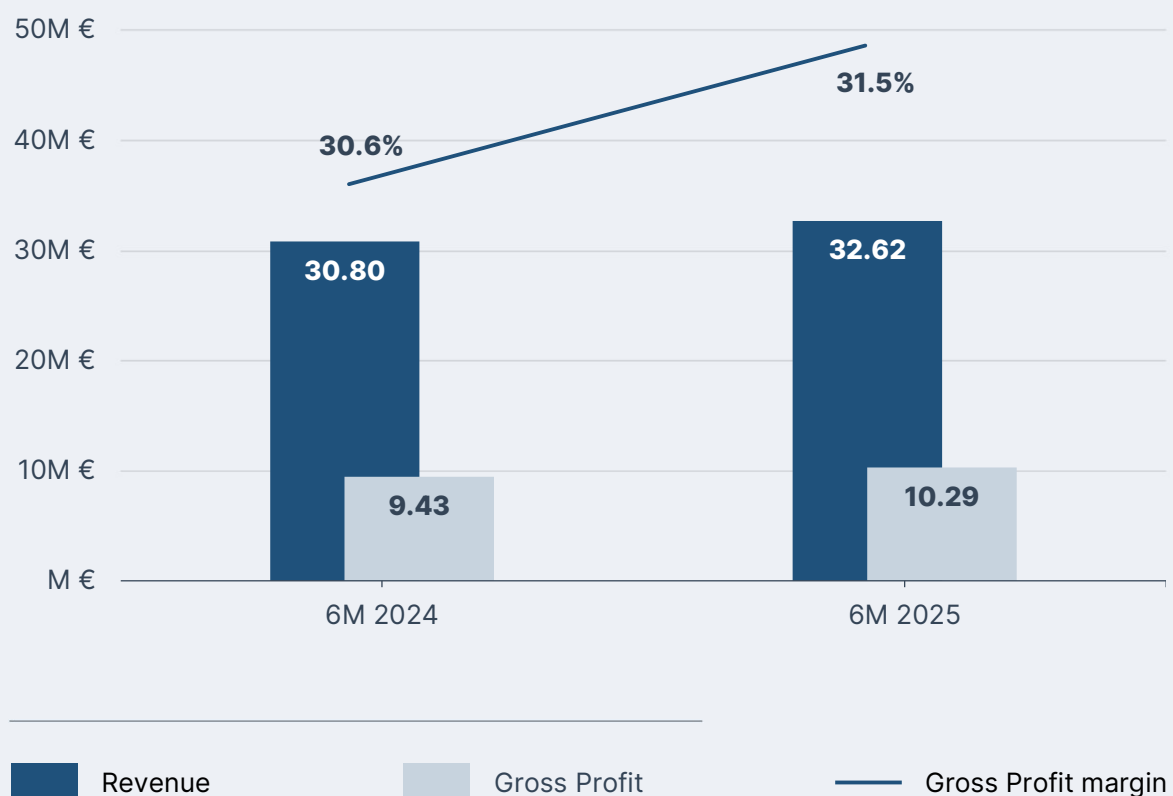
Key Financials

Revenue

The Group continues to strengthen its position in key Baltic and Polish markets in H1 2025, **maintaining leadership** in sustainable practices and advanced manufacturing. Revenue increased from EUR 30.80 million in H1 2024 up to EUR 32.62 million in H1 2025, while gross profit rose up to EUR 10.29 million, reflecting steady growth and maintained operational efficiency.

During H1 2025, the Group continued **expanding its export network**, reinforcing its presence in existing markets and exploring new opportunities. Strategic focus on product quality and targeted offerings has supported both domestic and international sales, underpinning **sustainable growth**.

Through these initiatives, the Group aims to **sustain revenue growth** and **strengthen profitability** in the remainder of 2025, leveraging innovation and operational consistency across its product portfolio.

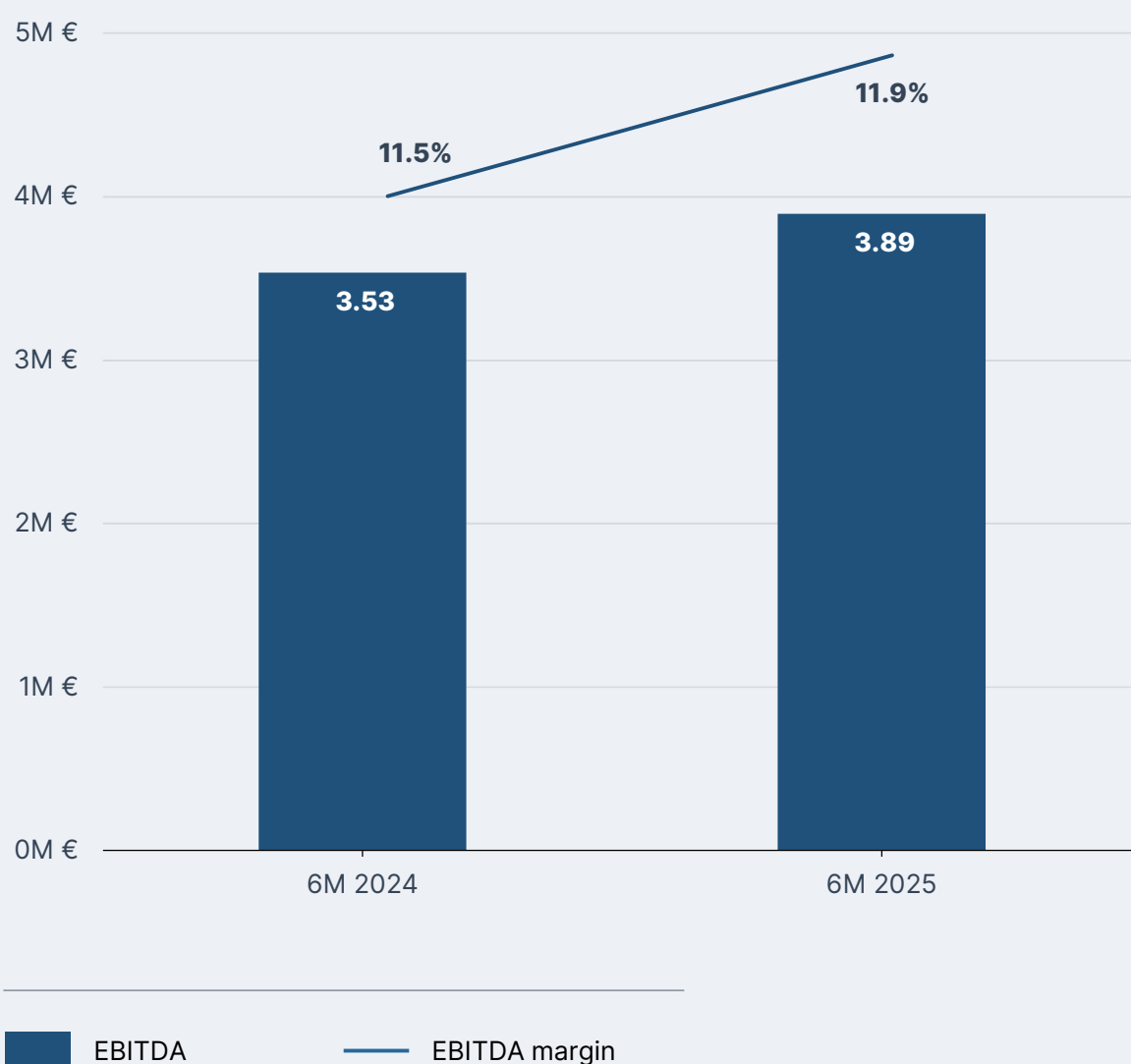


Key Financials

EBITDA

In H1 2025, the Group reported **revenue** of EUR 32.6 million (+6%). **EBITDA** amounted to EUR 3.89 million (+10%). The **EBITDA margin** slightly improved to 11.9% (+0.4 p.p.).

The Group achieved **stable growth** in the first half of 2025, with a slight margin increase indicating controlled operational efficiency.



Covenants & Ratios

The Group continues to demonstrate solid financial stability, with a healthy EBITDA relative to revenue and a positive working capital position, ensuring **stable liquidity** and **efficient operations** in the short term.

The Debt/EBITDA ratio slightly decreased from 3.41 to 3.38, reflecting a modest reduction in leverage and **maintained capacity to manage debt** relative to earnings.

The Debt Service Coverage Ratio remained strong at 4.18, highlighting the Group's ability to **meet debt obligations** from operating cash flows.

An equity ratio of 42% indicates a balanced capital structure, **supporting growth** while managing financial risks prudently.

Consolidated Covenants, kEUR

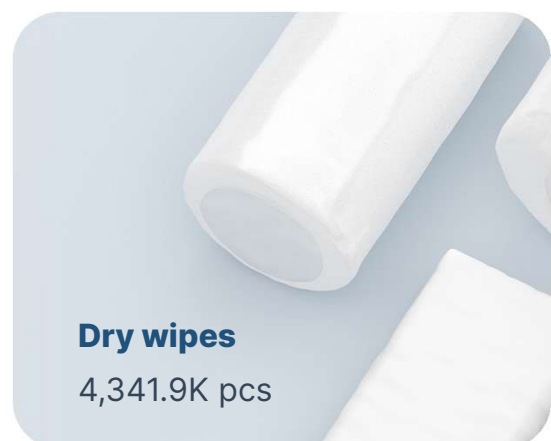
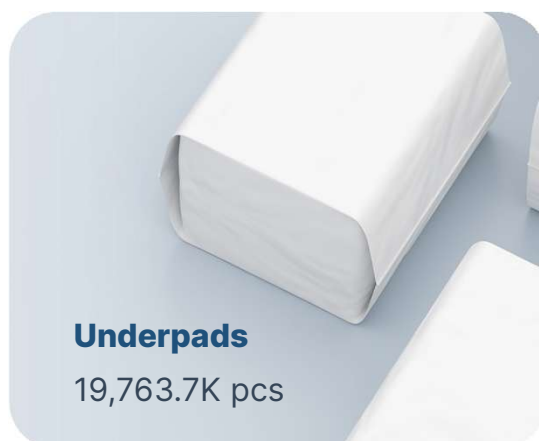
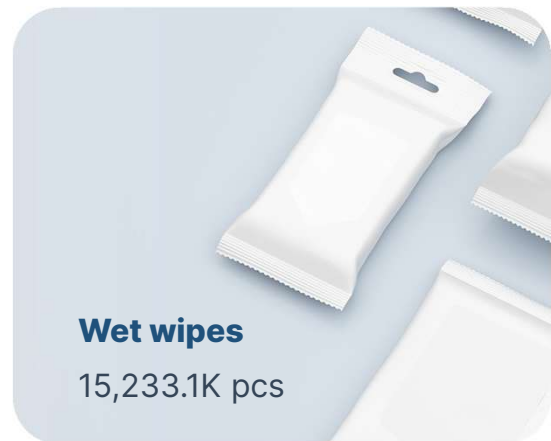
Indicator	Value
NSV	32,621
EBITDA	3,892
WC	18,656
External net debt	31,289

Ratios

Indicator	Value
Equity ratio	42%
LTM DEBT/EBITDA	x3.38
DSCR	x4.18

Production Performance H1 2025

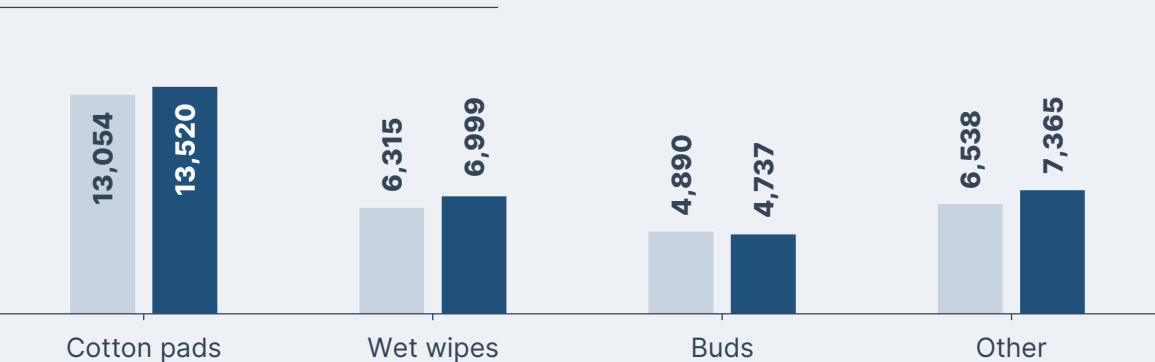
Main Categories



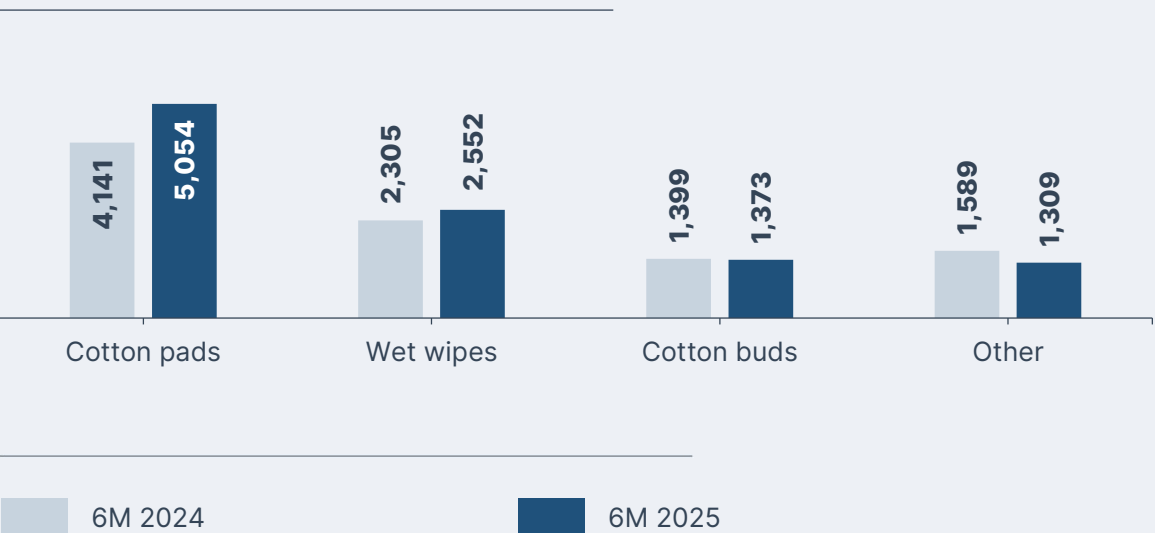
Sales by Product Groups

The revenue distribution for H1 2025 highlights mixed trends across product categories. **Cotton pads** posted moderate growth of 3.6%, while **wet wipes** delivered a solid 10.8% increase, confirming sustained demand in core segments. **Cotton buds** declined slightly by 3.1%. Significant 12.6% growth in other products supported diversification and offset weaker categories, ensuring overall revenue resilience.

Revenue Distribution by Product Categories, kEUR



Gross Profit Distribution by Product Categories, kEUR



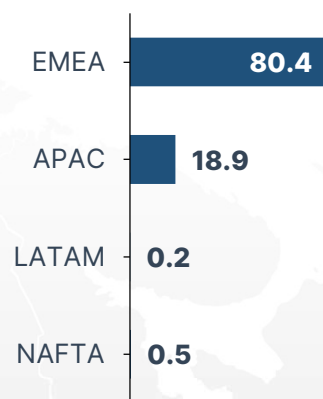
Revenue Breakdown*

*For the period of H1 2025

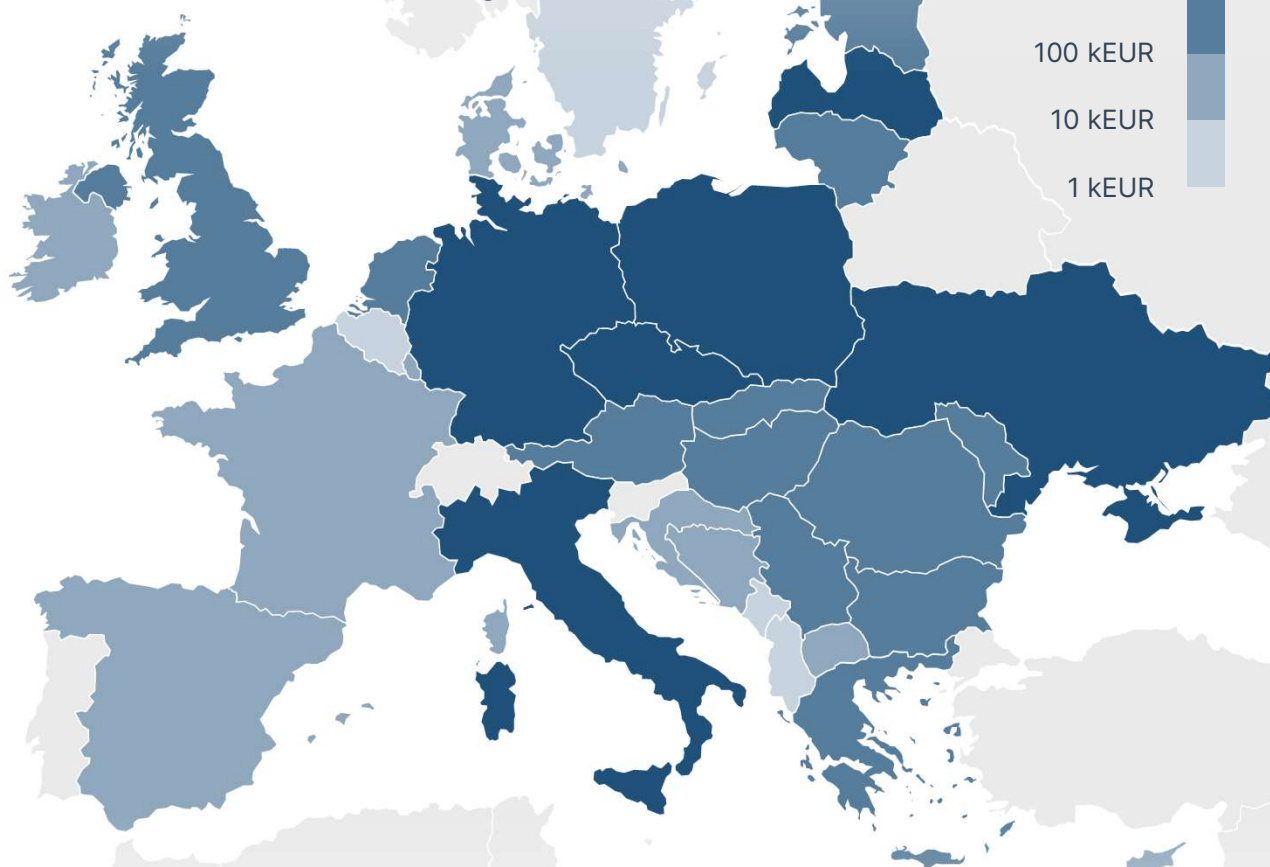
Sales in Europe, Revenue, KEUR

Country	Revenue	Country	Revenue
Poland	14,534	Moldova	138
Ukraine	3,068	Slovakia	121
Czech Republic	2,250	Ireland	94
Germany	1,838	Croatia	75
Latvia	1,355	Kosovo	63
Italy	1,242	Luxembourg	62
The Netherlands	990	Spain	41
Austria	647	Macedonia	36
Hungary	417	Denmark	35
The UK	402	France	23
Lithuania	356	Bosnia	21
Serbia	291	Cyprus	15
Romania	285	Sweden	8
Estonia	240	Albania	5
Bulgaria	231	Montenegro	3
Greece	160	Belgium	1

Sales by Region



Legend



Income Statement

The Group's **total revenue** increased by 5.9%, from EUR 30,797k in H1 2024 up to EUR 32,621k in H1 2025, driven by stable demand across key markets.

Cost of sales rose by 4.5% in line with higher production volumes. The Group continues its focus on cost optimization and operational efficiency to maintain profitability.

Sales expenses slightly increased by 1.1%, indicating consistent sales activity despite external market pressures.

Administration expenses increased by 1.1%, primarily due to inflation-driven cost adjustments. The Group remains focused on active cost management.

Income Statement, kEUR

Indicator	6M 2024	6M 2025
Revenue	30,797	32,621
Cost of sales	(21,363)	(22,334)
Gross profit	9,434	10,288
Sales expense	(4,352)	(4,401)
Administration expense	(3,260)	(3,296)
Other operating income	1,186	798
Other operating costs	(930)	(884)
Financial income	181	462
Financial costs	(1,820)	(1,862)
Income before tax	439	1,103
Corporate income tax	204	(197)
Net income	644	906
Depreciation	(1,455)	(1,389)
EBITDA	3,533	3,892

KPIs

COGS as % of Revenue	69%	68%
Gross profit margin	31%	32%
EBITDA margin	11%	12%

Balance Sheet

Total assets increased slightly by 1.7%, reflecting consistent business expansion. **Long-term financial investments** grew by 13.1%, indicating strengthened financial resilience and growth orientation.

Total liabilities increased by 7.4%, indicating higher reliance on external financing to support development. **Equity** decreased by 6.0%, indicating a temporary adjustment in the capital structure while preserving a solid equity base.

Balance Sheet, kEUR

Indicator	30.06.24	30.06.25
Assets		
Intangible assets	1,413	1,499
Fixed assets	52,867	50,980
Long-term financial investments	2,539	2,872
Deferred tax assets	4,046	3,627
Inventory	11,280	13,859
Trade receivables	18,629	19,293
Other current assets	522	544
Cash	261	462
Total assets	91,557	93,136
Share capital	13,333	13,333
Short-term financial investments	(5,183)	(5,183)
Other capital	4,598	4,710
Undistributed profits	21,369	19,592
Profit or loss for the period	1,768	679
Non-controlling interest	2,726	3,162
Equity	38,611	36,293

Balance Sheet

The Group's financial position remains **solid**, with a moderate increase in total assets supported by higher **long-term financial investments**. Liabilities grew in line with **business development**, while equity recorded a temporary decline, reflecting adjustments in the capital structure. Overall, the Group maintains a balanced financial foundation to support operations and future growth.

Balance Sheet, kEUR

Indicator	30.06.24	30.06.25
Liabilities		
LT Loans	10,000	10,000
LT Other loans	1,500	1,500
Bonds	16,989	17,441
Deferred income	4,151	3,910
LT leasing liabilities	435	165
ST Loans from banks	3,923	2,328
ST bonds	2,732	1,982
Advances received	7,445	5,922
Trade payables	3,520	8,298
Other payables	722	1,280
Other ST liabilities	717	199
ST liabilities (Leasing & Factoring)	812	3,818
Total liabilities	52,947	56,842

Cash flow

Cash Flow Statement, kEUR

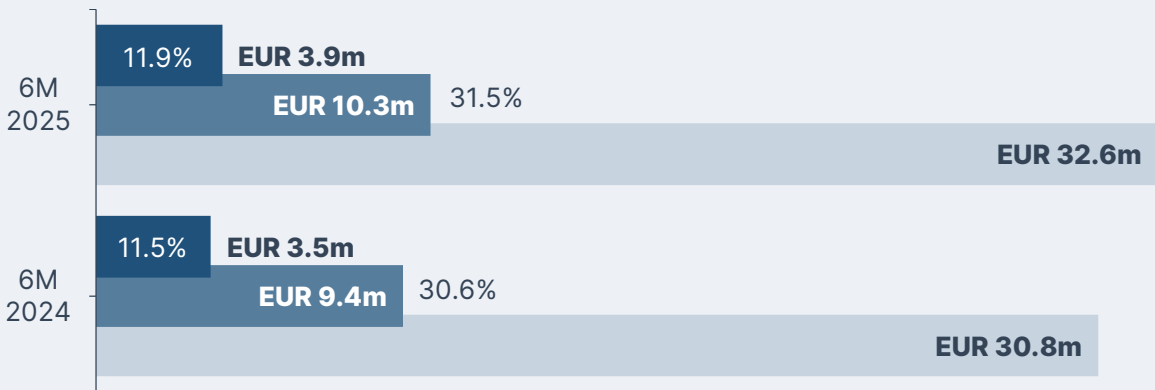
Indicator	6M 2024	6M 2025
Cash Flow from Operating Activities		
Net profit	644	906
Depreciation	1,455	1,389
Changes in WC	(672)	1,185
Interest payments	1,820	1,862
Other adjustments	(1,297)	(1,298)
Net cash flow from operating activities	1,949	4,044
Cash Flows from Investing Activities		
CAPEX	(323)	371
Other	-	-
Net cash flow from investment activities	(323)	371
Cash Flows from Financing Activities		
Loans	(18,807)	1,701
Interest payments	(1,820)	(1,862)
Leasing and factoring	(2,826)	1,162
Other	-	-
Net cash flow from financing activities	(23,452)	1,001
Cash - carry forward	18,117	179
Net Cash Flow	(17,856)	283
Cash - bring forward	261	462

Key Performance Indicators

Summary



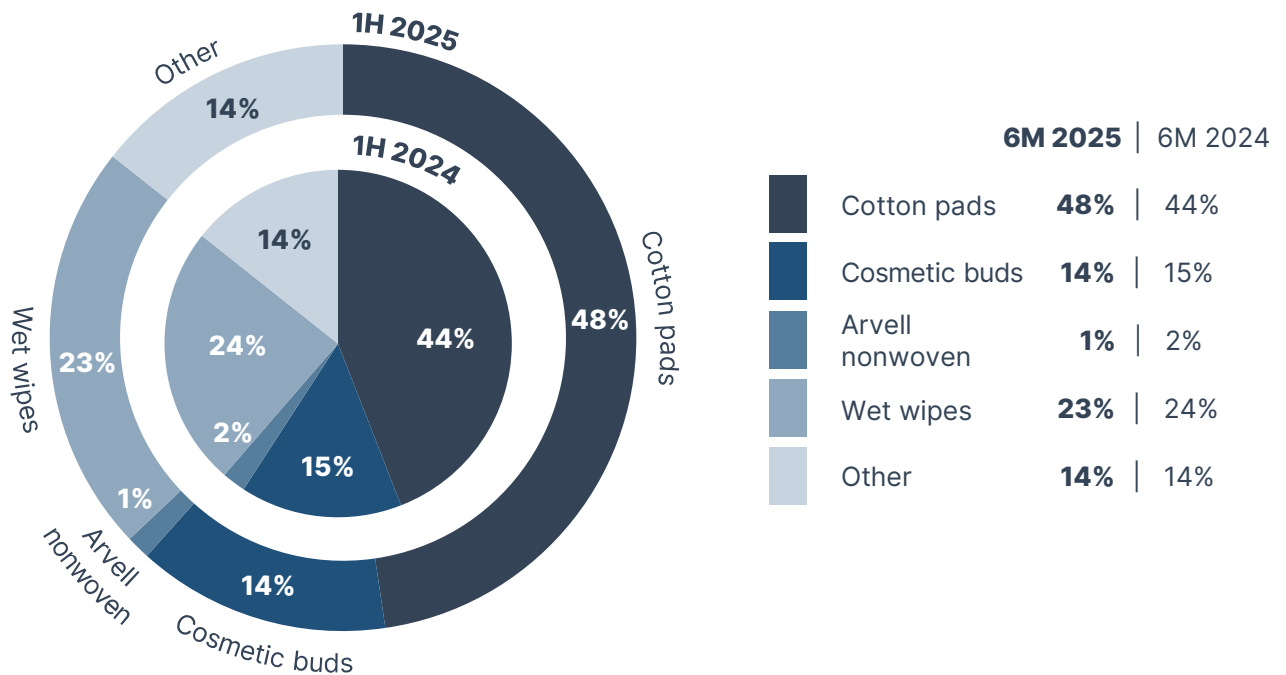
Revenue



Legend: EBITDA (Dark Blue), Gross profit (Medium Blue), Revenue (Light Blue)

Key Performance Indicators

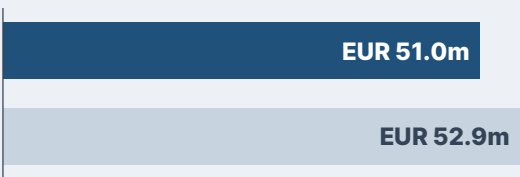
Consolidated EBITDA Build-up



Working Capital



Fixed Assets



June 2024 (Actual) June 2025 (Actual)

Working capital remained broadly stable at excellent EUR 18.7 million, while fixed assets decreased to EUR 51.0 million, reflecting a modest reduction in the asset base.



iCotton SIA

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Reg. number 42103057947

Share capital: EUR 13 333 300 | **Paid:** EUR 8 150 000

SEPA codes: LV92ZZZ42103057947 | **VAT number:** LV42103057947

The company is registered in the VAT register 30.12.2011

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District Court for the capital city of Warsaw, 13th Business Division of KRS

KRS No: 0000289345 | **Share capital:** PLN 636 700

NIP: PL5210120598 | **REGON:** 002203701

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