



Unaudited Consolidated Results

iCotton Group

Management report 9M 2024

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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

iCotton, founded in 2011 in Liepāja, Latvia, 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. Key brands include Cleanic, Kindii, and Presto, known in Poland. With production sites in Liepaja (9,000 m², 11 lines) and Warsaw (13,200 m², 44 lines), iCotton group's 2023 turnover surpassed 70 million EUR, 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



35 years on the market



Highlights of 9M 2024



The iCotton group reported **revenue** of EUR 47.1 million as per 9M 2024 with 10.6% decrease from EUR 52.7 million as per 9M 2023.



According to the unaudited financial statement, the iCotton group's **gross profit** reached EUR 15.0 million as per 9M 2024 compared to EUR 15.4 million as per 9M 2023, with the gross margin rising from 29.2% to 31.9% (+2.7 p.p.). This improvement reflects the company's effective strategies in optimizing production processes and controlling costs.



The Group successfully launched the world's first extended cotton pads with a diameter of 75 mm, offering users exceptional convenience. The product has received positive feedback from customers across all markets.



The equipment for producing household liquids has been successfully installed and tested. The Group now operates a dedicated production facility for these products, creating significant synergies with its existing wet wipes manufacturing operations.



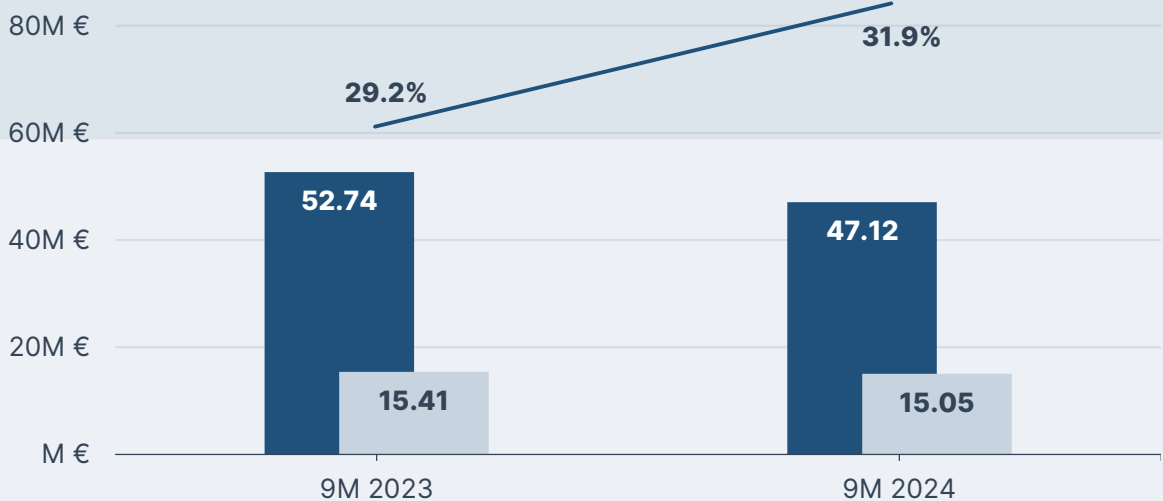
The Group is optimizing its product portfolio to reduce inventory levels and enhance the client offering. Continuous efforts are being made to improve technological processes and every stage of production to achieve superior results.

Key financials

Revenue

The Group maintains its **leadership in its key markets** across the Baltics and Poland, positioning itself as a **pioneer in innovation**, green technologies, and responsible production. Despite slight global slow down in revenues on all markets where the Group offers its products due to inflationary pressures, the Group is successfully optimizing its product portfolio. This ensures the delivery of high-quality products, allowing the Group to maintain a **strong position** in the mid-range and premium segments.

In 2024, the Group expanded its export reach to 58 countries and continues exploring **new markets**. New production lines and product categories have been introduced, supporting ongoing innovation. The Group is focused on returning to sustainable revenue growth and improving financial performance in the upcoming quarters.



■ Revenue

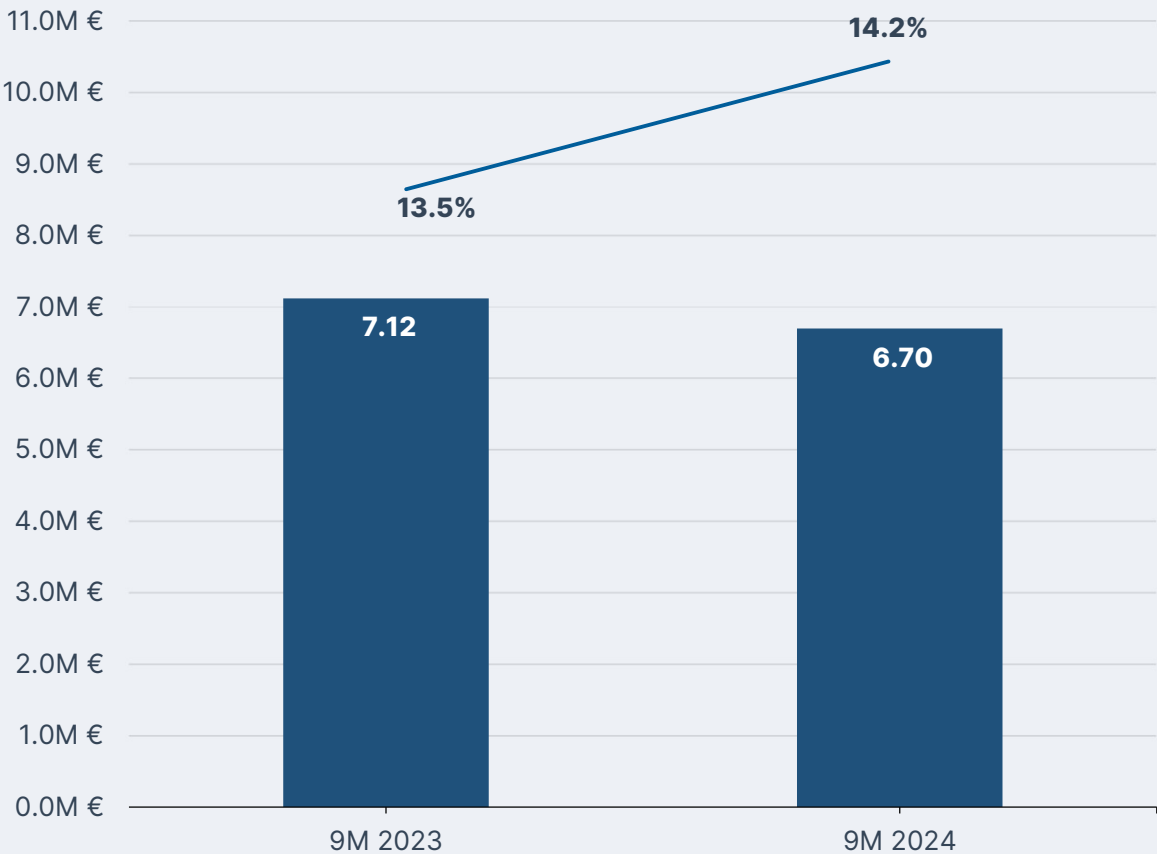
■ Gross Profit

— Gross Profit margin

Key financials

EBITDA

- **Revenue** for 9M 2024 reached EUR 47.1 m (-10.7%), **EBITDA** - EUR 6.7m (-5.9%).
- The **EBITDA margin** increase from 13.5% to 14.2% (+0.7 p.p.) reflects better efficiency and cost control, helping the company maintain profitability.



■ EBITDA — EBITDA margin

Covenants & ratios

The Group is demonstrating solid financial health, with a strong EBITDA relative to its revenue and a positive working capital position, indicating **robust short-term liquidity** and **operational efficiency**.

The Debt/EBITDA ratio of 2.94 suggests that the Group is effectively using debt to finance its **growth** while maintaining **manageable financial risk**.

The DSCR of 19.56 demonstrates an exceptionally strong capacity to meet debt obligations, highlighting the Group's **robust financial stability**.

An Equity ratio of 46% reflects a well-balanced capital structure, combining equity and debt in a way that **supports growth** while **mitigating financial risks effectively**.

Consolidated covenants, kEUR

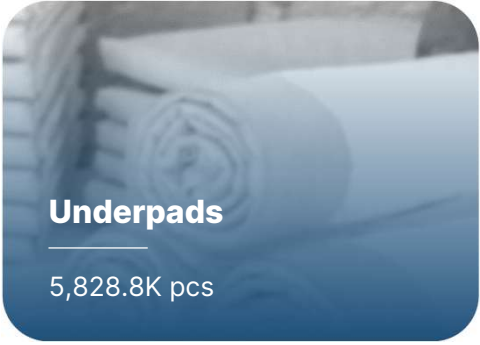
Indicator	Value
NSV	47,123
EBITDA:	6,700
WC	16,423
External net debt	28,769

Ratios

Indicator	Value
Equity ratio:	46%
DEBT/EBITDA	x2.94
DSCR	x19.56

Production performance 9M 2024

Main categories



Underpads
5,828.8K pcs



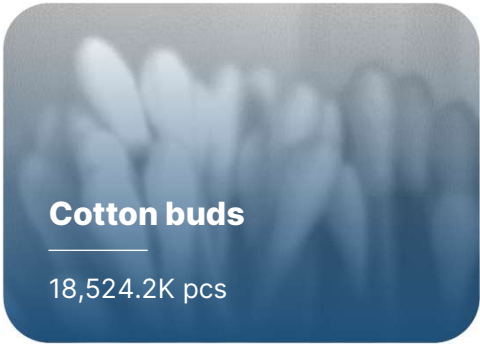
Feminine hygiene products
18,194.1K pcs



Cotton pads
41,429.7K pcs



Dry wipes
6,192.3K pcs



Cotton buds
18,524.2K pcs

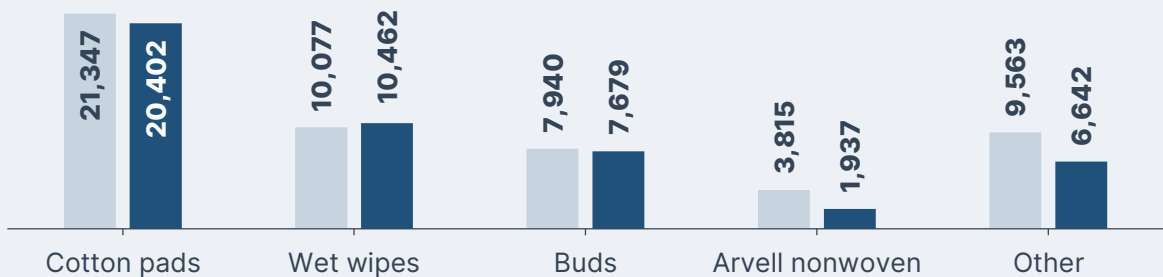


Wet wipes
22,514.9K pcs

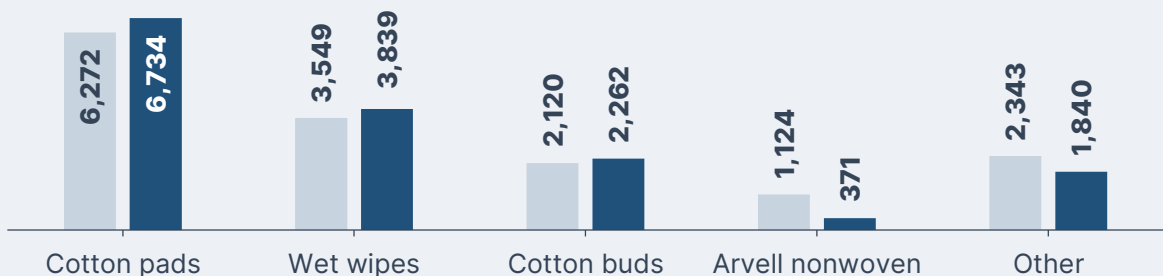
Sales by product group

The gross profit distribution for 9M 2024 highlights strong performance in key product categories. **Wet wipes** grew by 3.8% compared to the previous year, demonstrating increasing demand and successful market positioning. **Cotton pads** contributed the largest share, accounting for approximately 46% of total gross profit, reflecting stable customer demand and consistent sales performance. Amid slight decline of 3.3%, **cotton buds** continue to provide solid returns.

Revenue distribution by product categories, kEUR



Gross profit distribution by product categories, kEUR



9M 2023
 9M 2024

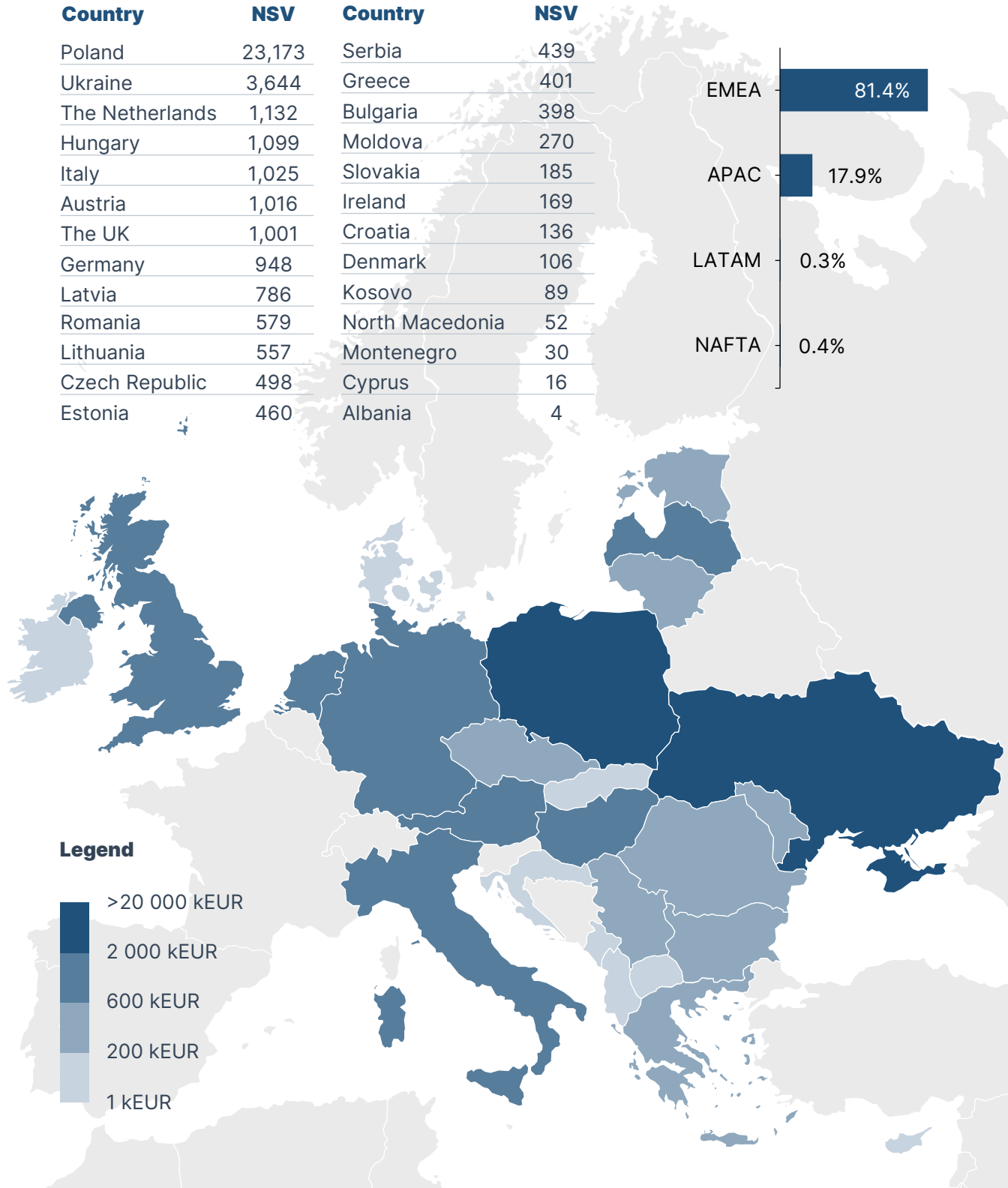
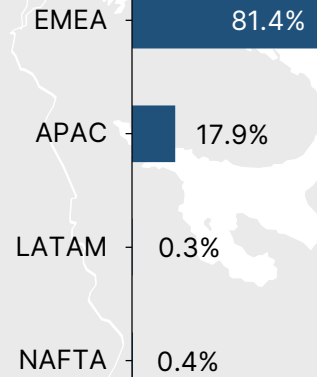
Revenue breakdown*

*For the period of 9M 2024

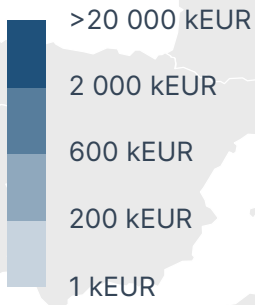
Sales in Europe, net sales value (NSV), kEUR

Country	NSV	Country	NSV
Poland	23,173	Serbia	439
Ukraine	3,644	Greece	401
The Netherlands	1,132	Bulgaria	398
Hungary	1,099	Moldova	270
Italy	1,025	Slovakia	185
Austria	1,016	Ireland	169
The UK	1,001	Croatia	136
Germany	948	Denmark	106
Latvia	786	Kosovo	89
Romania	579	North Macedonia	52
Lithuania	557	Montenegro	30
Czech Republic	498	Cyprus	16
Estonia	460	Albania	4

Sales by region



Legend



Income statement

Over the first 9 months of 2024, there was a slight global slow down in revenues on all markets where the Group offers its products. Also, group's **revenue** decreased slightly by 10.7%, from €52,742k in 9M 2023 to €47,123k in 9M 2024.

Cost of sales decreased by 14.1%, as internal optimizations significantly reduced the cost of production. The management of the Group continues to work on this further.

Sales expenses decreased by 5.6%, reflecting optimized sales-related expenses, which align with the overall revenue changes.

Administration expenses rose by 9.4% in response to inflationary pressure. The Group is working to maintain expenses at an optimal level in line with the market.

Income statement, kEUR

Indicator	9M 2023	9M 2024
Revenue	52,742	47,123
Cost of sales	(37,334)	(32,076)
Gross profit	15,408	15,047
Sales expense	(5,997)	(5,663)
Administration expense	(4,440)	(4,859)
Other operating income	1,073	1,575
Other operating costs	(971)	(1,530)
Financial income	568	385
Financial costs	(1,939)	(2,656)
Income before tax	3,702	2,299
Corporate income tax	402	(258)
Net income	4,104	2,040
Depreciation	(2,049)	(2,130)
EBITDA	7,122	6,700
KPIs		
COGS as % of Revenue	71%	68%
Gross profit margin	29%	32%
EBITDA margin	14%	14%

Balance sheet

Between June 30, 2024, and September 30, 2024, **total assets** decreased slightly by 2.5%, reflecting a moderate decline in the company's asset base. This decrease was accompanied by a reduction in **long-term financial investments**, which fell by 14.4%, indicating adjustments in investment strategies.

The period shows a reduction in **total liabilities** by 2.9%, suggesting continued efforts to improve the company's financial structure through improved operational efficiency. **Equity** indicates a well-maintained balance between debt and ownership interests although it decreased by 2.0%.

Balance sheet, kEUR

Indicator	31.12.23	30.06.24	30.09.24
Assets			
Intangible assets	1,372	1,413	1,421
Fixed assets	54,039	52,867	52,554
Long-term financial investments	2,955	2,539	2,174
Deferred tax assets	4,227	4,046	4,028
Inventory	9,599	11,280	10,200
Trade receivables	17,873	18,629	17,745
Other current assets	373	522	547
Short-term financial investments	5,183	5,183	5,183
Cash	18,117	261	487
Total assets	113,738	96,741	94,340
Share capital	13,333	13,333	13,333
Other capital	4,558	4,598	4,651
Undistributed profits	20,016	21,369	20,728
Profit or loss for the period	1,412	1,768	1,482
Non-controlling interest	2,623	2,726	2,737
Equity	41,942	43,795	42,932

Balance sheet

Overall, the Group demonstrates **stable financial management** with a reduced asset base and lower liabilities. The decline in total liabilities reflects **effective resource management** and **improved financial efficiency**. While equity decreased slightly, the stronger balance sheet and enhanced liquidity indicate resilience. These changes position the Group well to pursue growth opportunities.

Balance sheet, KEUR

Indicator	31.12.23	31.06.24	30.09.24
Liabilities			
LT Loans	12,902	10,000	10,000
LT Other loans	-	1,500	1,500
Bonds	20,000	16,989	16,604
Deferred income	3,486	4,151	4,112
LT leasing liabilities	612	435	348
ST Loans from banks	10,286	-	-
ST bonds	-	2,732	2,652
Advances received	7,327	7,445	3,941
Trade payables	8,163	7,443	7,782
Other payables	5,047	722	833
Other ST liabilities	513	717	374
ST liabilities (Leasing & Factoring)	3,461	812	3,262
Total Liabilities	71,796	52,947	51,408

Cash flow

Cash flow statement, kEUR

Indicator	9M 2023	9M 2024
Cash flow from operating activities		
Net profit	4,104	2,040
Depreciation	2,049	2,130
Changes in WC	6,714	(8,628)
Interest payments	1,939	2,656
Other adjustments	(14,202)	1,853
Net cash flow from operating activities	604	52
Cash flows from investing activities		
CAPEX	(1,056)	(694)
Other	-	-
Net cash flow from investment activities	(1,056)	(694)
Cash flows from financing activities		
Loans	3,426	(12,432)
Interest payments	(1,939)	(2,656)
Leasing and factoring	93	(463)
Other	-	-
Net cash flow from financing activities	1,580	(15,551)
Cash - carry forward	896	18,117
Net Cash Flow	1,128	(16,193)
Cash - bring forward	2,024	1,924

Key performance indicators

Summary

Consolidated revenue 9M 2024

EUR 52.7m | -10.6%



Consolidated EBITDA margin 9M 2024

14.2% | +0.7 p.p.



Gross profit margin 9M 2024

31.9% | +2.7 p.p.

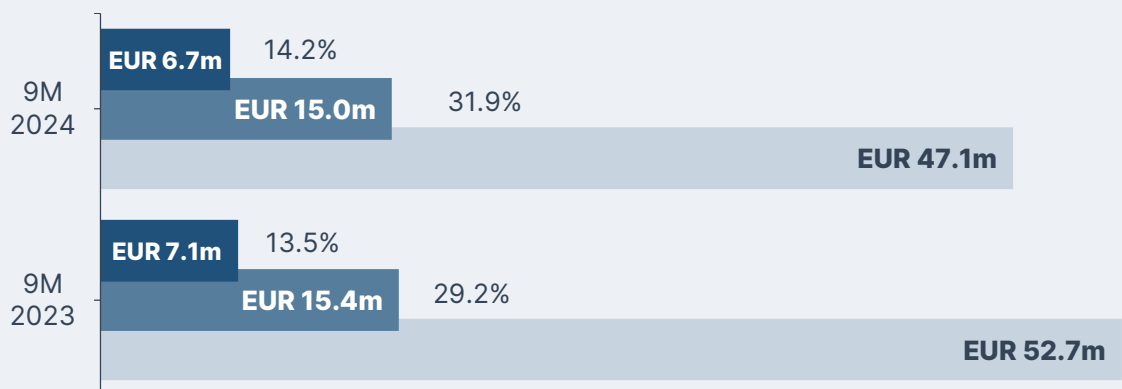


Consolidated NWC 9M 2024

EUR 16.4m | x1.2



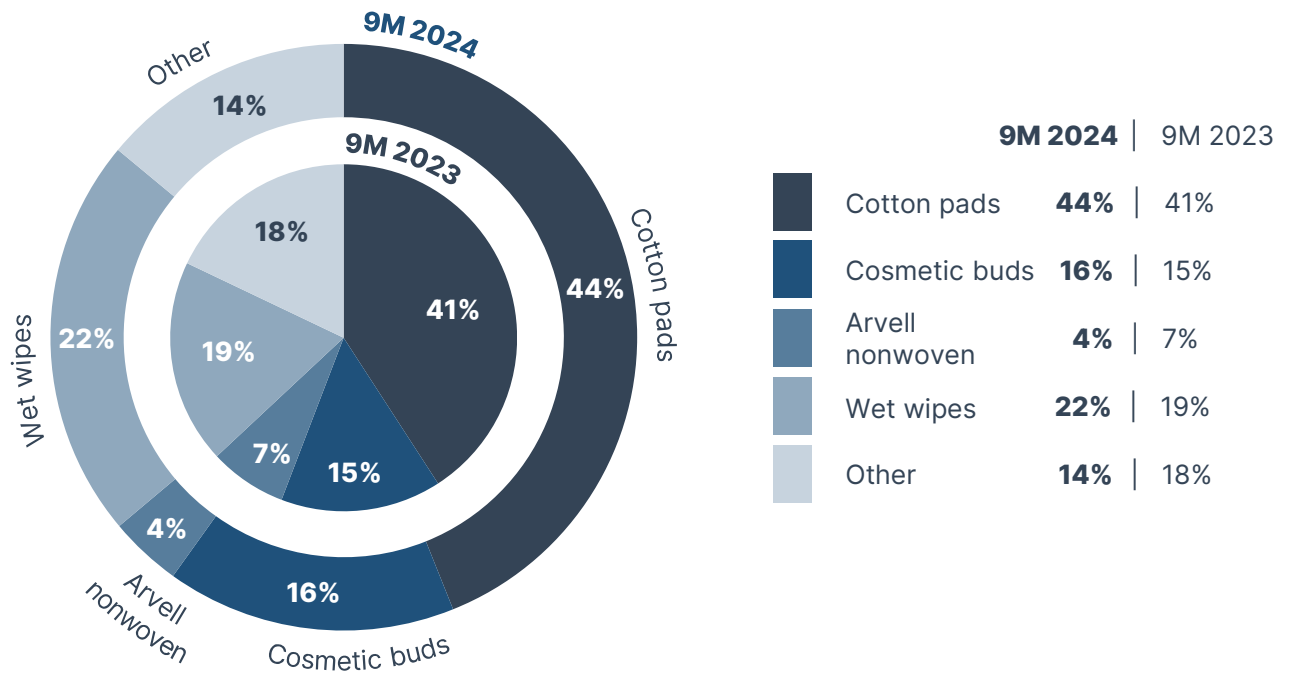
Revenue



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

Key performance indicators

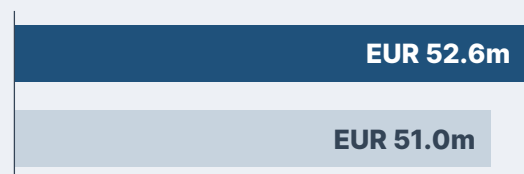
Consolidated EBITDA build-up



Working capital



Fixed assets



September 2023 (Actual)
 September 2024 (Actual)

The Group maintains sufficient working capital to meet all business needs and ensure the best service for its clients.



iCotton SIA

Headquarter address: Krumu 74, Liepaja, LV-3405, Latvia

Reg. number 42103057947

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

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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

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