



# Unaudited Consolidated Results

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iCotton Group  
Management report H1/2024

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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.



# 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 m<sup>2</sup>, 11 lines) and Warsaw (13,200 m<sup>2</sup>, 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 H1 2024



The iCotton group reported **revenue** of EUR 32.1 million in H1 2024, a slight 3.31% decrease from EUR 33.2 million in H1 2023.

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According to the unaudited financial statement, the iCotton group's **gross profit** increased to EUR 10.8 million in H1 2024, up from EUR 10.3 million in H1 2023 (+4.85%), with the gross margin rising from 26.1% to 28.8% (+2.7 p.p.). This improvement reflects the company's effective strategies in optimizing production processes and controlling costs.

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The Group successfully introduced **Kindii diapers** in Q1 2024, setting a new standard for infant and toddler comfort and reliability. At the moment, It is actively working to bring our diapers to various clients in different regions.

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The Group has upgraded its facilities with advanced equipment for producing **household detergents** and is now prepared to supply both - its own brand and private labels. Production is scheduled to launch at the end of 2024.

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The Group has been dedicated to enhancing its product offerings and listings with existing clients, ensuring greater satisfaction and value. At the same time, we have been actively expanding into new export markets, broadening our global reach and opportunities.

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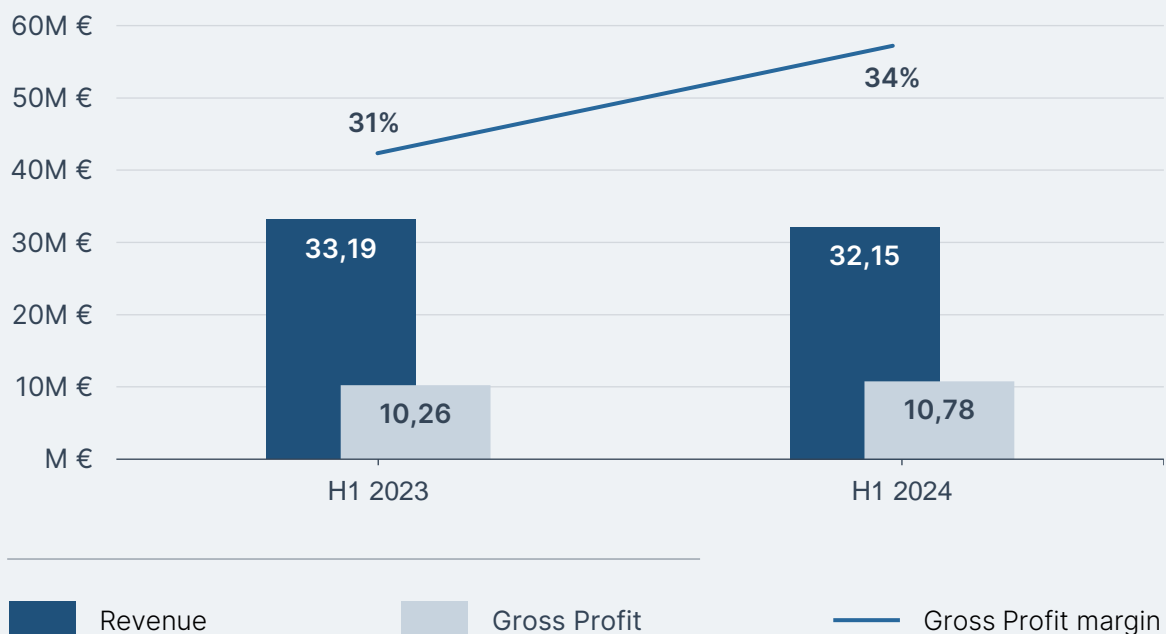
# Key financials

## Revenue

Despite the overall economic slowdown and high inflation affecting key markets, the Group's **revenues have maintained a stable level**. This resilience is attributed to our strategic efforts and robust product offerings.

Following our strategic withdrawal from the CIS region, we are now focusing on penetrating new and promising markets, including the USA, Brazil, and various Arab countries. These markets present significant growth opportunities and align with our **long-term expansion goals**.

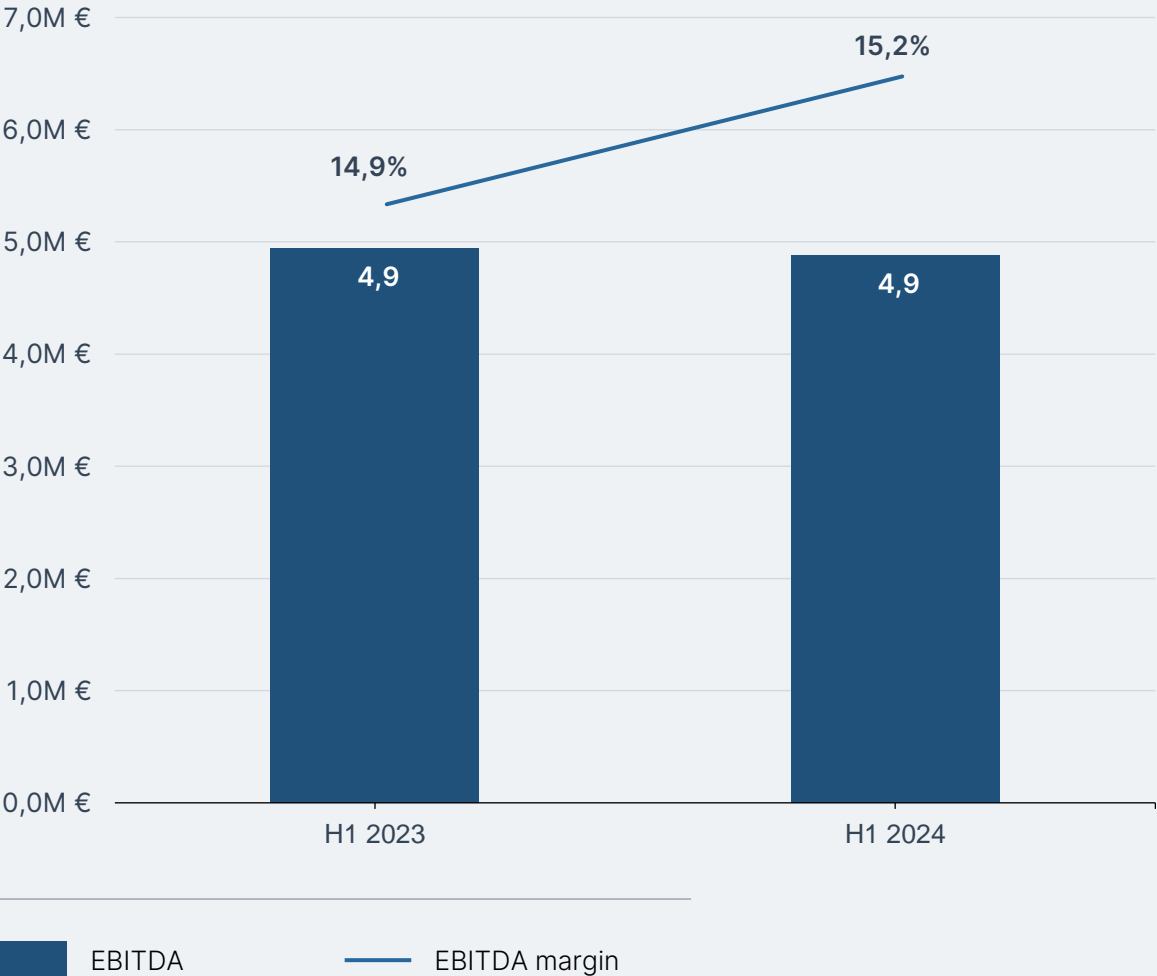
Our sales performance across product categories has remained relatively steady, with cotton products continuing to be a major source of revenue. At the same time, we are experiencing dynamic growth in emerging product lines. This includes feminine hygiene products, dry wipes, non-woven materials, and contract manufacturing items such as baby pants. These **new and expanding categories** are contributing to our ongoing success and positioning us for future growth.



# Key financials

## EBITDA

- **Revenue** for H1 2024 reached EUR 32.2 m (-3.13%), **EBITDA** - EUR 4.9m (flat).
- The **EBITDA margin** increase from 14.9% to 15.2% (+0.3 p.p.) reflects better efficiency and cost control, helping the company maintain profitability.



# Covenants & ratios

The company 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.

DEBT/EBITDA ratio of 3.01 suggests that the company is using debt effectively to support growth and increase returns.

The DSCR of 4.55 shows that the company has a very strong capacity to comfortably meet its debt obligations, highlighting its financial stability.

An Equity Ratio of 45% reflects a well-balanced capital structure, combining equity and debt in a way that supports the company's goals while still managing financial risks effectively.

## Consolidated covenants, kEUR

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Indicator	Value
NSV	32,147
EBITDA:	4,883
WC	15,485
External net debt	29,461

## Ratios

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Indicator	Value
Equity ratio:	45%
DEBT/EBITDA	x3.01
DSCR	x4.55



# Production performance H1 2024

## Main categories



**Underpads**  
4,321.2K pcs



**Feminine hygiene products**  
13,133.1K pcs




**Cotton pads**  
27,011.9K pcs



**Dry wipes**  
4,253.1K pcs



**Cotton buds**  
13,014.4K pcs



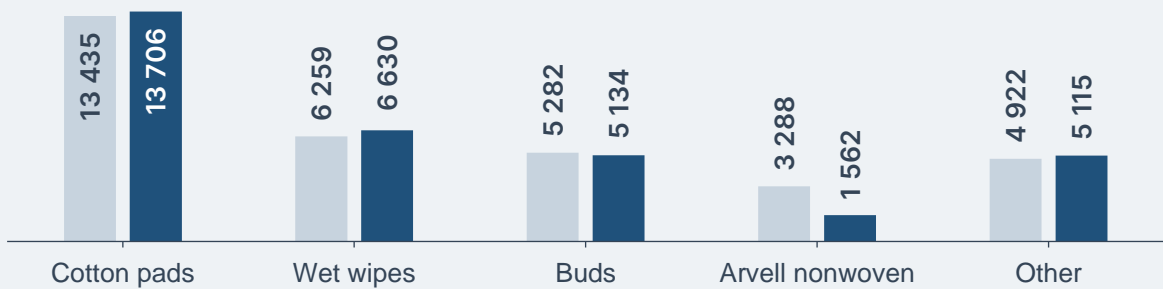
**Wet wipes**  
14,221.2K pcs

# Sales by product group

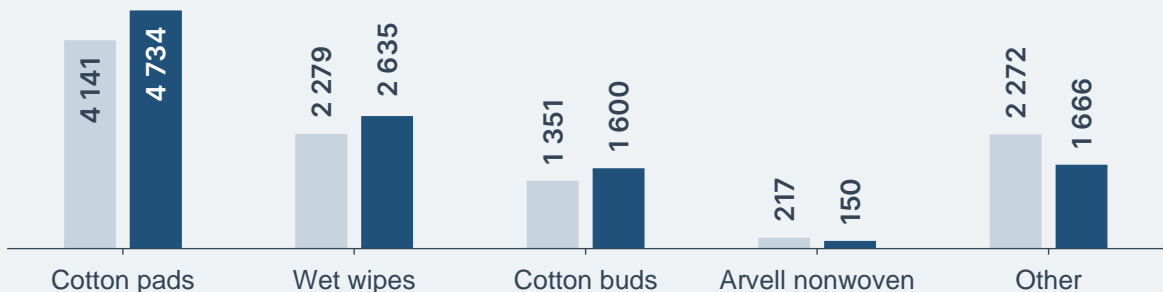
The company maintained a relatively stable revenue split across its product categories between H1 2023 and H1 2024.

Gross profit showed a growth for some product categories. **Cotton pads** increased by 14.3%, **wet wipes** by 15.6%, and **buds** by 18.4%, indicating growth in these segments (comparing to H1 2023).

## Revenue distribution by product group, kEUR



## Gross profit distribution by product group, kEUR



H1 2023
  H1 2024

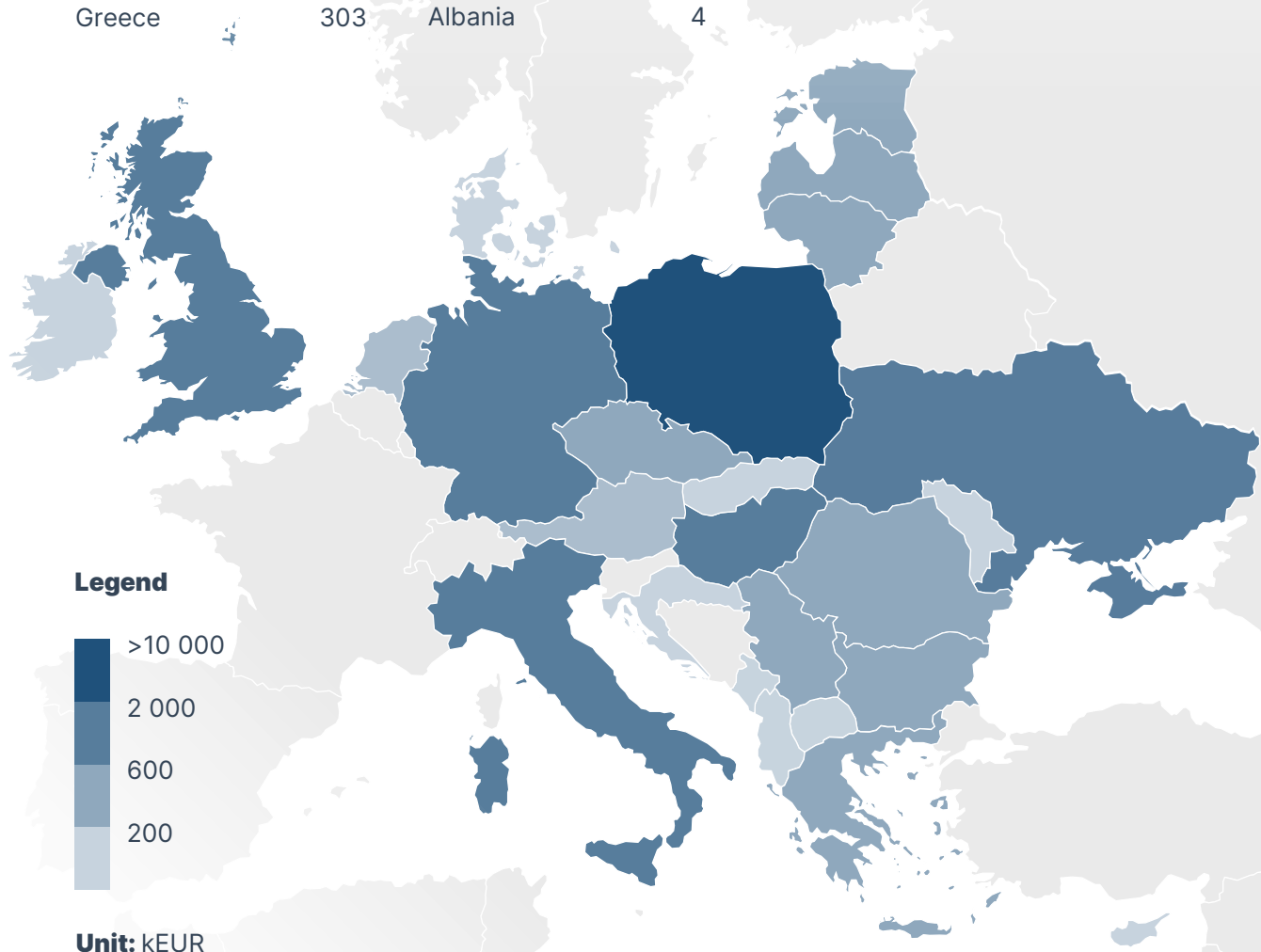
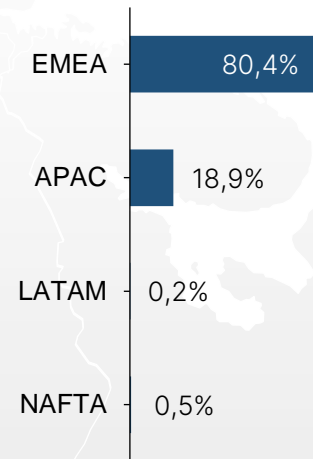
# Revenue breakdown\*

\*For the period of H1 2024

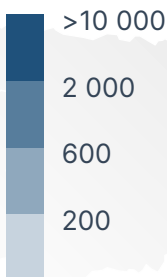
## Sales in Europe, net sales value (NSV), kEUR

Country	NSV	Country	NSV
Poland	13,956	Estonia	301
Ukraine	2,145	Bulgaria	295
Italy	695	Serbia	270
Hungary	623	Moldova	164
The UK	622	Slovakia	109
Germany	605	Croatia	100
Austria	587	Ireland	63
The Netherlands	569	North Macedonia	47
Latvia	530	Denmark	32
Czech Republic	346	Kosovo	31
Lithuania	343	Cyprus	12
Romania	317	Montenegro	11
Greece	303	Albania	4

## Sales by region



### Legend



Unit: kEUR



# Income statement

**Revenue** decreased by 3.1%, from €33,186.3k in H1 2023 to €32,147.1k in H1 2024. The Group remains committed to operational optimization and the implementation of best management practices to enhance performance.

**Cost of sales** decreased by 6.8%, with favourable trends in energy and raw material costs. However, rising wages are putting pressure on cost of sales.

**Sales expenses** increased by 5.5% due to a higher concentration on branded sales and special promotional activities.

**Administration expenses** rose by 8.0%, in line with overall inflation, but the Group continues to focus on ongoing optimization efforts to manage these costs effectively.

## Income statement, kEUR

Indicator	H1 2023	H1 2024
Revenue	33,186.3	32,147.1
Cost of sales	(22,927.3)	(21,362.7)
<b>Gross profit</b>	<b>10,259.0</b>	<b>10,784.4</b>
Sales expense	(4,127.1)	(4,352.3)
Administration expense	(2,648.5)	(2,859.6)
Other operating income	767.5	1,186.1
Other operating costs	(725.4)	(1,330.3)
Financial income	1,532.6	181.1
Financial costs	(1,747.6)	(1,819.9)
<b>Income before tax</b>	<b>3,310.4</b>	<b>1,789.5</b>
Corporate income tax	103.2	204.3
Net income	3,413.6	1,993.8
Depreciation	(1,417.1)	(1,454.7)
<b>EBITDA</b>	<b>4,942.5</b>	<b>4,883.0</b>
<b>Consolidated adjusted normalized EBITDA</b>	<b>5,446.0</b>	<b>5,244.7</b>

## KPIs

COGS as % of Revenue	69%	66%
Gross profit margin	31%	34%
EBITDA margin	15%	15%
Consolidated adj. normalized EBITDA margin	16%	16%

# Balance sheet

Between March 31, 2024, and June 30, 2024, **total assets** decreased slightly by 1.8%. This decrease was offset by increase in **long-term financial investments**, which grew by 14.1%. The period also shows a reduction in total **liabilities** by 5.1%, as **ST Loans from banks** were fully repaid.

**Equity** increased by 3.5%, reflecting the company's improved financial health despite the lower asset base. This increase in equity indicates resilience and effective debt management amidst changing financial conditions.

## Balance sheet, kEUR

Indicator	31.12.23	31.03.24	30.06.24
<b>Assets</b>			
Intangible assets	1,372	1,395	1,413
Fixed assets	54,039	53,615	52,867
Long-term financial investments	2,955	2,225	2,539
Deferred tax assets	4,227	4,162	4,046
Inventory	9,599	11,658	11,280
Trade receivables	17,873	18,985	18,629
Other current assets	373	621	522
Short-term financial investments	5,183	5,183	5,183
Cash	18,117	655	261
<b>Total assets</b>	<b>113,738</b>	<b>98,500</b>	<b>96,741</b>
Share capital	13,333	13,333	13,333
Other capital	4,558	4,617	4,598
Undistributed profits	20,016	21,512	21,369
Profit or loss for the period	1,412	192	1,768
Non-controlling interest	2,623	2,665	2,726
<b>Equity</b>	<b>41,942</b>	<b>42,318</b>	<b>43,795</b>

# Balance sheet

Overall, the Group shows improved **financial stability** with a stronger equity position and reduced debt. The significant decrease in total liabilities and strategic reduction in both short-term and long-term loans indicate better management of financial resources. These changes enhance liquidity and strengthen the balance sheet, positioning the Group well to handle future challenges and seize growth opportunities. The performance reflects **effective financial management** and a solid base for ongoing stability.

## Balance sheet, KEUR

Indicator	31.12.23	31.03.24	30.06.24
<b>Liabilities</b>			
LT Loans	12,902	11,500	10,000
LT Other loans	-	-	1,500
Bonds	20,000	17,322	16,989
Deferred income	3,486	3,964	4,151
LT leasing liabilities	612	524	435
ST Loans from banks	10,286	1,798	-
ST bonds	-	2,406	2,732
Advances received	7,327	6,728	7,445
Trade payables	8,163	4,622	7,443
Other payables	5,047	4,757	722
Other ST liabilities	513	445	717
ST liabilities (Leasing & Factoring)	3,461	2,115	812
<b>Total Liabilities</b>	<b>71,796</b>	<b>56,182</b>	<b>52,947</b>

# Cash flow

## Cash flow statement, kEUR

Indicator	H1 2023	H1 2024
<b>Cash flow from operating activities</b>		
Net profit	3,414	1,994
Depreciation	1,417	1,455
Changes in WC	1,156	(11,436)
Interest payments	1,748	1,820
Other adjustments	(4,414)	1,324
<b>Net cash flow from operating activities</b>	<b>3,321</b>	<b>(4,843)</b>
<b>Cash flows from investing activities</b>		
CAPEX	(2,002)	(323)
Other	-	-
<b>Net cash flow from investment activities</b>	<b>(2,002)</b>	<b>(323)</b>
<b>Cash flows from financing activities</b>		
Loans	(809)	(8,043)
Interest payments	(1,748)	(1,820)
Leasing and factoring	466	(2,826)
Other	-	-
<b>Net cash flow from financing activities</b>	<b>(2,091)</b>	<b>(12,689)</b>
Cash - carry forward	896	18,117
<b>Net Cash Flow</b>	<b>(773)</b>	<b>(17,856)</b>
Cash - bring forward	123	261

# Key performance indicators

## Summary

**Consolidated revenue H1 2024**

**EUR 32.1m** | -3.1%

Compared to H1 2023

**Consolidated EBITDA margin H1 2024**

**15.2%** | +0.3 p.p.

Compared to H1 2023

**Gross profit margin H1 2024**

**33.5%** | +2.6 pp

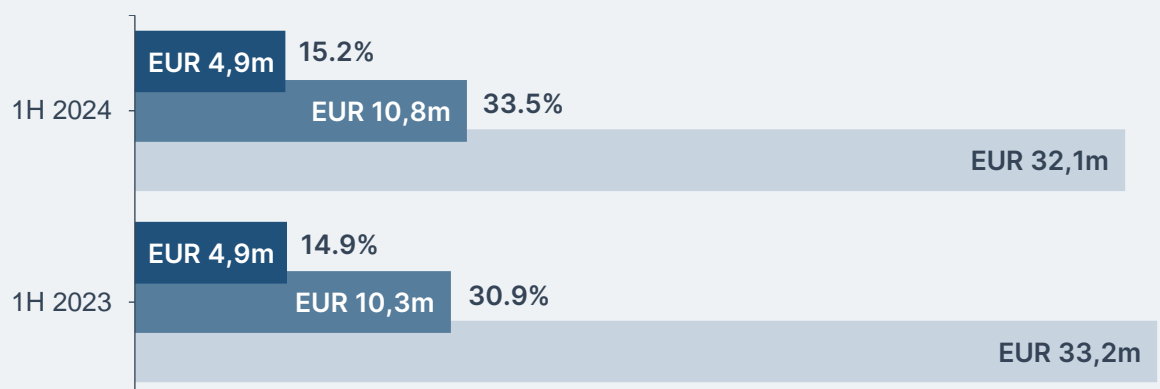
Compared to H1 2023

**Consolidated NWC H1 2024**

**EUR 19.0m** | x2.4

Compared to H1 2023

## Revenue



EBITDA

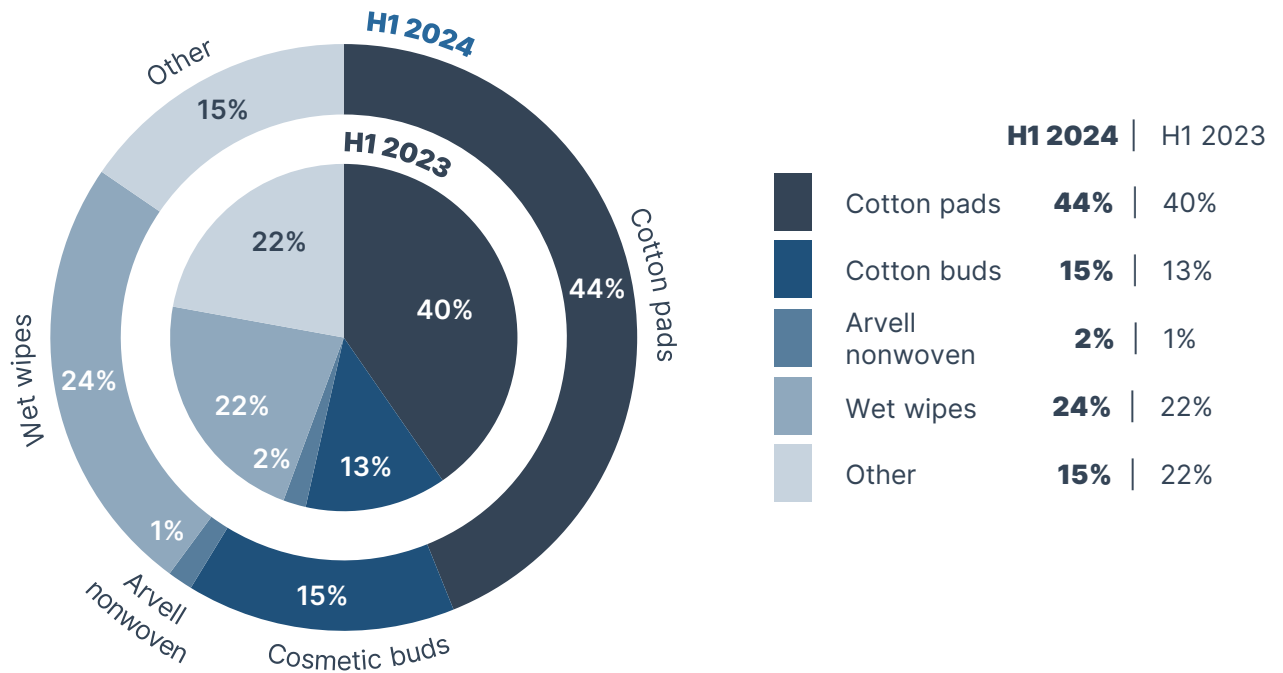
Gross profit

Revenue



# Key performance indicators

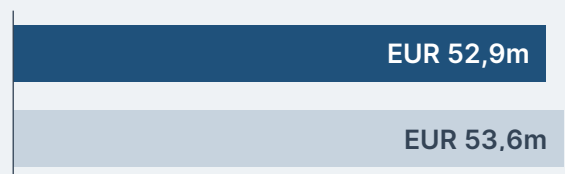
## Consolidated EBITDA build-up



## Working capital



## Fixed assets



June 2023 (Actual)
  June 2024 (Actual)

Influenced by successful bond issue, working capital received significant support for the groups future business operations.



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