Unaudited Consolidated Results

Management report Q1 2026

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.

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 produces cotton buds, pads, wet wipes, underpads, and femcare products . Its main brands – Cleanic, Kindii, and Presto – are well known in Poland and other CEE countries for many years.

With production facilities in Liepāja (9,000 m², 12 lines) and Warsaw (13,200 m², 44 lines), iCotton group's turnover in Q1 2026 amounted to EUR 16.91m, with 40% from local markets and 60% from the EU and other exports.

- Natural non-woven fabrics
- Femcare products
- Cotton spunlace
- Cotton pads
- Dry wipes

14 years on the market

- Non-woven fabric Arvell
- Cotton buds
- Cotton pads
- Wet wipes
- Underpads
- Canisters
- Cosmetics

36 years on the market

Highlights of Q1 2026

The iCotton Group reported **revenue** of EUR 16.91m in Q1 2026, 1.8% Y2Y increase from EUR 16.61m in Q1 2025.

Based on unaudited financial statements, the iCotton Group's **gross profit** rose to EUR 5.50m in Q1 2026 from EUR 5.28m in Q1 2025, while **gross margin** improved from 31.8% up to 32.5% (+0.8 p.p.). This improvement indicates enhanced pricing efficiency and a more effective cost structure.

The Group further strengthened its community engagement by supporting charitable and healthcare-related initiatives, family and child welfare programs, and partnerships with local institutions, reaffirming its commitment to **social responsibility** and community well-being.

The Group continued to strengthen its **product portfolio** in Q1 2026 through packaging enhancements and improvements focused on consumer convenience and long-term brand development. Portfolio expansion also contributed to higher volumes of femcare products and underpads.

In Q1 2026, the Group continued to support **innovation** and **business development** efforts aimed at enhancing customer value and operational performance.

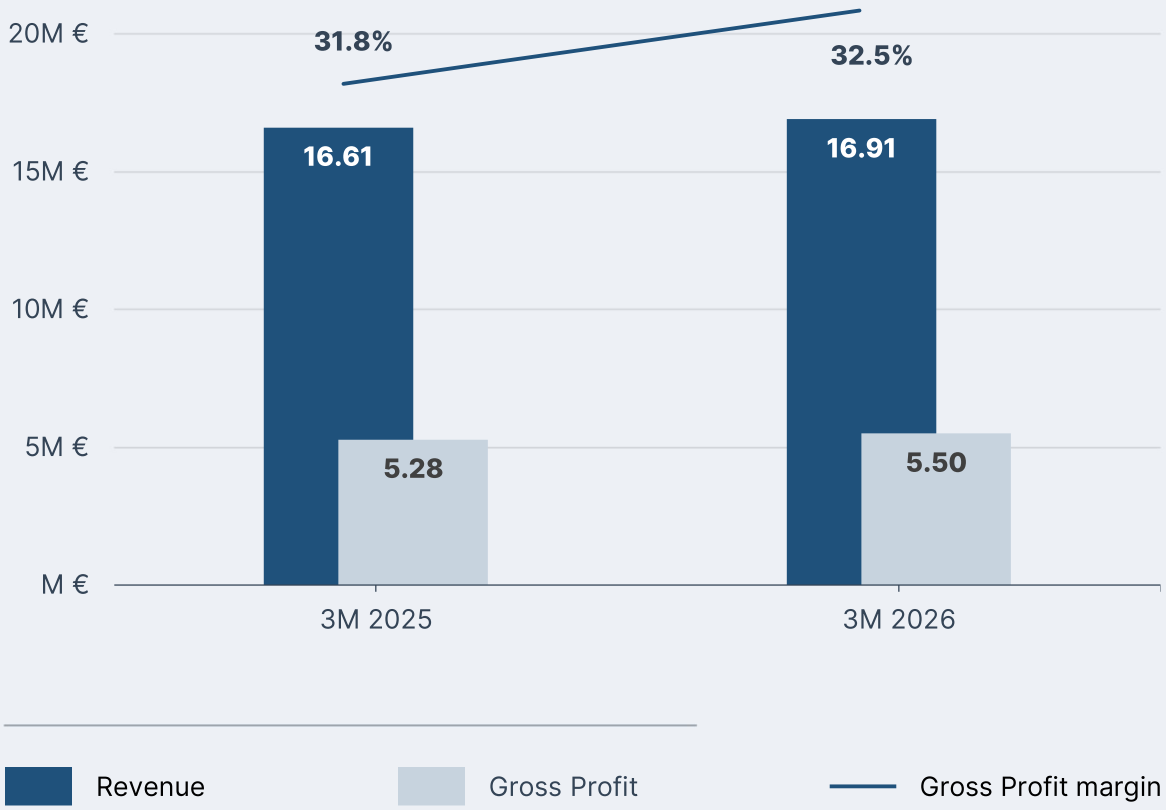
Key Financials

Revenue

In Q1 2026, the Group delivered stable revenue growth, **product diversification** and **improved profitability**, supported by continued **operational efficiency** improvements and **disciplined cost management**. Revenue increased by 1.8% Y2Y up to EUR 16.91m, compared to EUR 16.61m in Q1 2025.

Gross profit rose from EUR 5.28m up to EUR 5.50m, representing a 4.3% increase, while the gross profit margin improved from 31.8% to 32.5%. The stronger profitability reflects a more **efficient cost structure**, improved **pricing discipline**, and a balanced product portfolio.

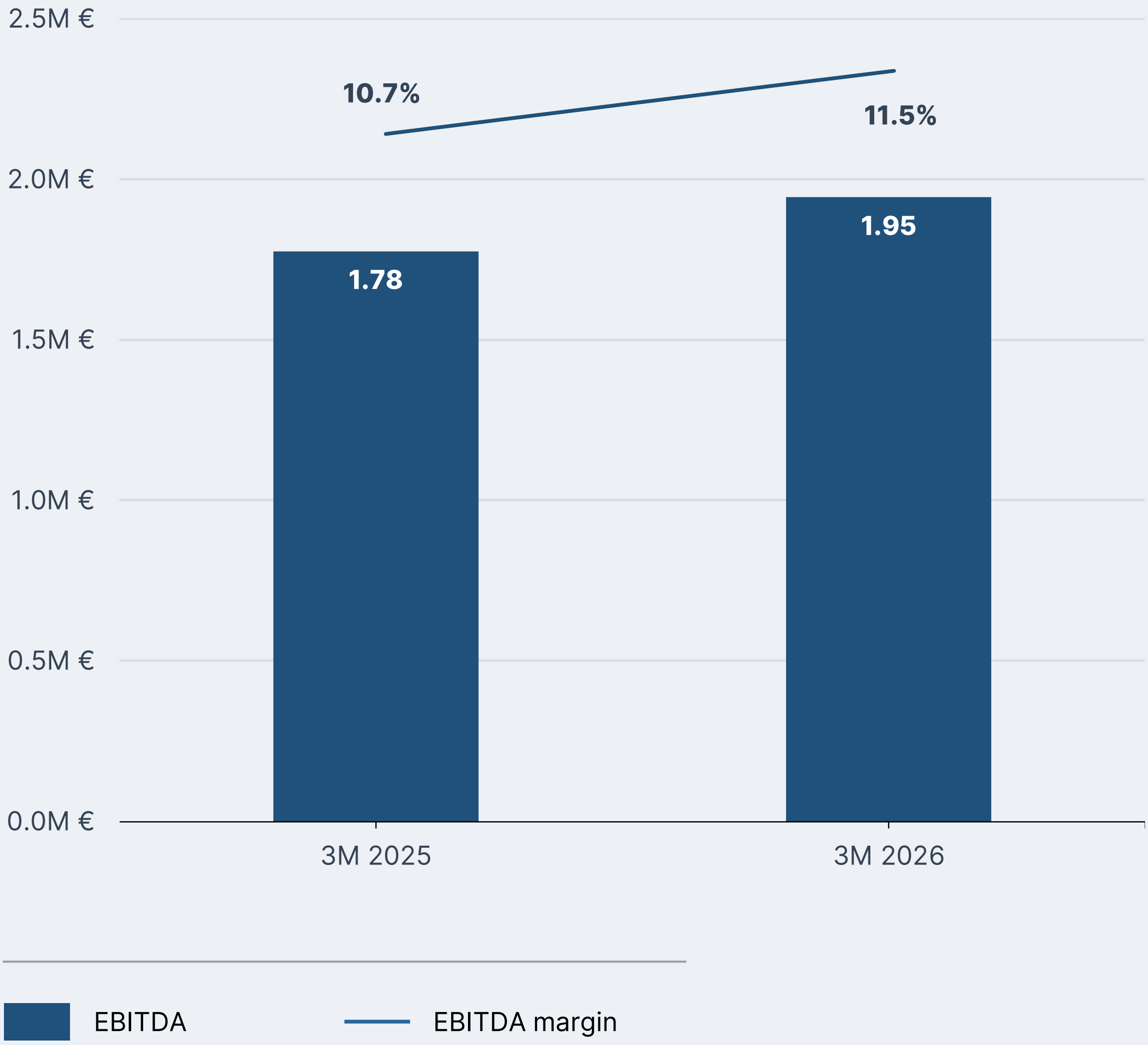
The Group remains focused on further strengthening **operational performance** and supporting sustainable **long-term growth**.



Key Financials
EBITDA

In Q1 2026, the Group generated **EBITDA** of EUR 1.95m, compared with EUR 1.78m in Q1 2025, reflecting an increase of 9.5%. At the same time, the **EBITDA margin** improved from 10.7% to 11.5%, an increase of 0.8 percentage points.

Overall, the results reflect continued **improvement in operating performance**, supported by steady revenue growth to EUR 16.91m and sustained profitability across the Group's core activities.



Covenants & Ratios

The Group maintains a **solid financial position**, supported by revenue of EUR 16.91m and EBITDA of EUR 1.95m in Q1 2026, reflecting **stable operations** and earnings growth. Working capital increased to EUR 25.72m, strengthening the liquidity buffer.

With external net debt stable at EUR 30.96m, the Debt/EBITDA ratio remained at x3.29, indicating a **manageable leverage level**. The Debt Service Coverage Ratio improved to x3.65, reflecting stronger debt repayment capacity.

An equity ratio of 44% confirms a **balanced capital structure** and continued financial stability.

Consolidated Covenants (EUR m)

Indicator	**Value**
Revenue	16.91
EBITDA	1.95
WC	25.72
External net debt	30.96

Ratios

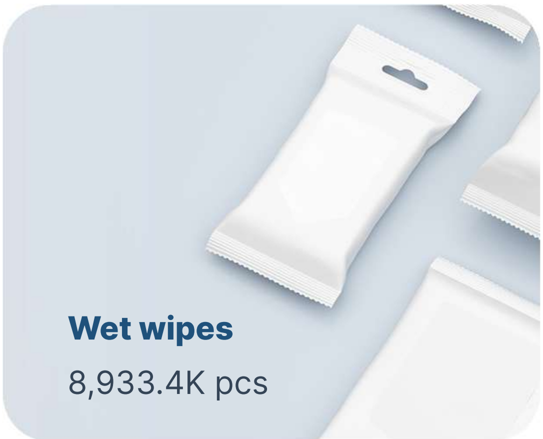
Indicator	**Value**
Equity ratio	44%
LTM DEBT/EBITDA	x3.29
DSCR	x3.65

Production Performance Q1 2026

Main Categories

Cotton pads

15,486.0k pcs



Wet wipes

8,933.4K pcs

Femcare products

11,629.5K pcs

Cotton buds

7,431.5K pcs

Underpads

10,996.8K pcs

Dry wipes

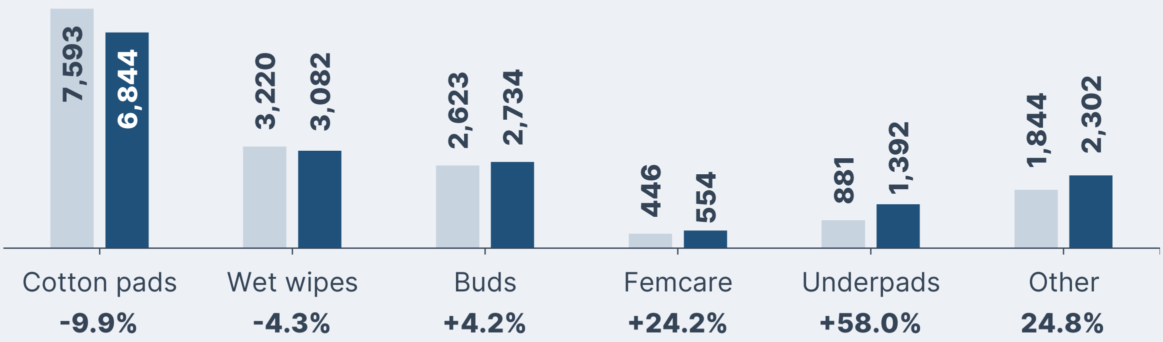
5,588.4K pcs

Sales by Product Groups

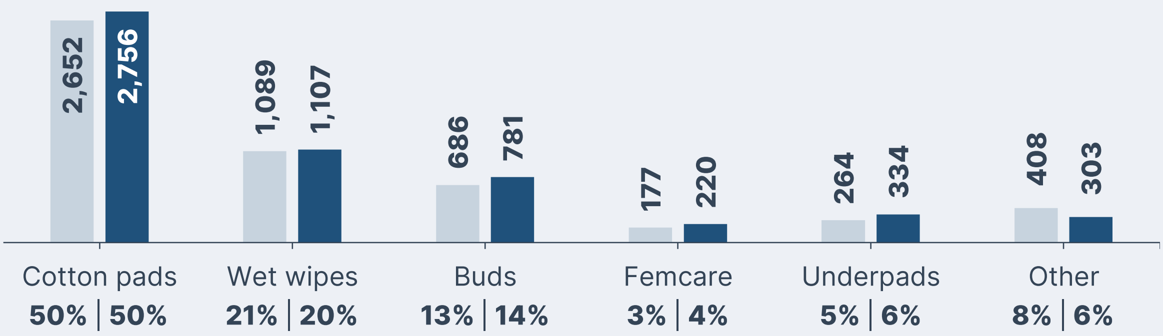
In Q1 2026, the Group's revenue performance varied across product categories. **Cotton pads** declined by 9.9%, while **wet wipes** decreased by 4.3% compared with Q1 2025. **Cotton buds** recorded moderate growth of 4.2%.

Stronger performance was observed in higher-value segments, with **femcare** increasing by 24.2% and **underpads** growing by 58.0%, emerging as key growth drivers. The **other** category also increased by 24.8%, contributing to a more diversified revenue structure despite softness in some core categories.

Revenue Distribution by Product Categories (EUR k)



Gross Profit Distribution by Product Categories (EUR k)



3M 2025

3M 2026

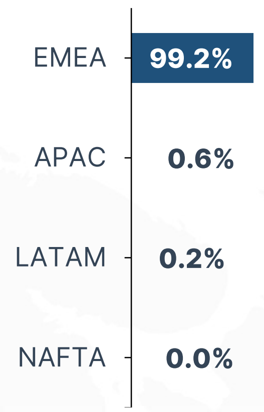
Revenue Breakdown*

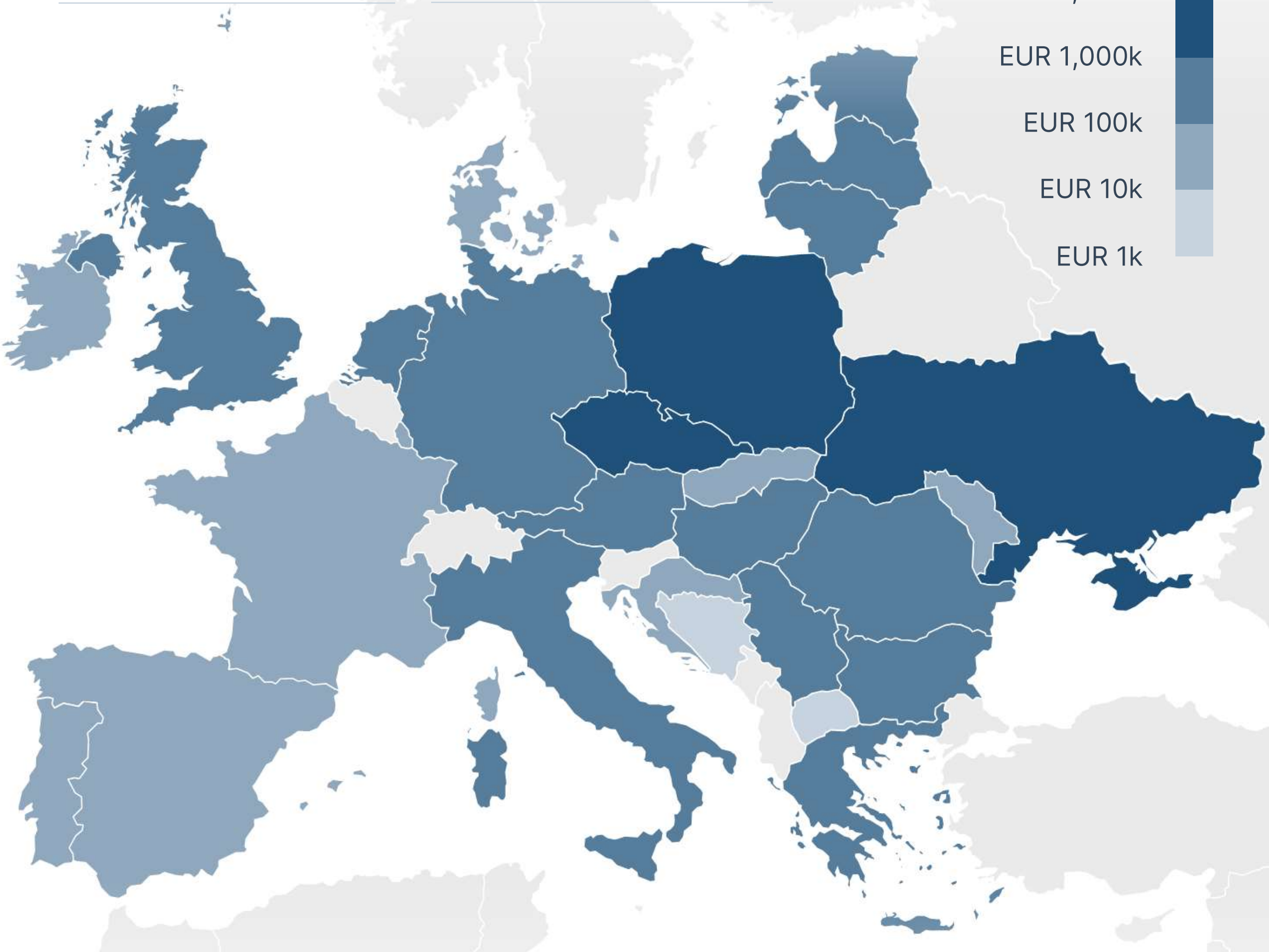
*For the period of Q1 2026

Sales in Europe, Revenue (EUR k)

Country	Revenue	Country	Revenue
Poland	9,161	Bulgaria	106
Ukraine	1,400	Greece	101
Czech Republic	1,344	Moldova	90
Germany	640	Croatia	80
Italy	502	Luxembourg	74
The Netherlands	351	Slovakia	70
Austria	293	Ireland	61
Latvia	259	Kosovo	49
Hungary	256	Spain	48
Estonia	170	Portugal	44
Lithuania	160	Denmark	36
The UK	146	France	27
Serbia	135	Bosnia	5
Romania	115	North Macedonia	1

Sales by Region





Income Statement

The Group's **revenue** increased by 1.8%, from EUR 16.61m in Q1 2025 to EUR 16.91m in Q1 2026, supported by **stable demand** and continued market activity. Cost of sales rose by 0.7%, while the **COGS-to-revenue ratio** improved from 68% to 67%, reflecting sustained operational efficiency and cost discipline.

Sales expenses increased by 6.3%, while administration expenses declined by 1.7%, reflecting higher commercial activity alongside ongoing cost optimization. Other operating income increased, while other operating costs also rose, reflecting higher non-core activity.

Income Statement (EUR k)

Indicator	**3M 2025**	**3M 2026**
Revenue	16,607	16,908
Cost of sales	(11,331)	(11,407)
Gross profit	**5,276**	**5,501**
Sales expense	(2,234)	(2,375)
Administration expense	(1,603)	(1,576)
Other operating income	152	494
Other operating costs	(162)	(475)
Financial income	337	26
Financial costs	(817)	(908)
Income before tax	**949**	**687**
Corporate income tax	46	(192)
Net income	995	495
Depreciation	(348)	(376)
EBITDA	**1,777**	**1,945**

KPIs

COGS as % of Revenue	68%	67%
Gross profit margin	32%	33%
EBITDA margin	11%	12%

Balance Sheet

Total assets remained broadly stable, decreasing slightly Y2Y by 0.7% to EUR 94.85m. **Inventory** declined by 7.1% to EUR 12.01m Y2Y, while **trade receivables** increased by 15.6% to EUR 24.94m Y2Y, reflecting higher commercial activity.

Total liabilities decreased by 4.8% to EUR 53.49m Y2Y, mainly driven by lower trade payables and advances received. **Equity** increased by 5.2% to EUR 41.36m Y2Y, supported by retained earnings and non-controlling interests, strengthening the Group's capital base.

Balance Sheet (EUR k)

Indicator	31.03.25	31.12.25	31.03.26
Assets			
Intangible assets	1,480	1,651	1,622
Fixed assets	52,029	50,976	50,086
Long-term financial investments	2,637	2,566	2,709
Deferred tax assets	3,922	3,255	3,014
Inventory	12,919	12,170	12,008
Trade receivables	21,563	23,211	24,937
Other current assets	633	245	253
Short-term financial investments	-	19	19
Cash	313	411	203
Total assets	**95,496**	**94,504**	**94,851**
Share capital	13,333	13,334	13,334
Own shares or units	(5,183)	(5,183)	(5,183)
Other capital	4,804	267	65
Undistributed profits	22,381	26,792	28,916
Profit or loss for the period	723	2,122	495
Non-controlling interest	3,252	3,838	3,734
Equity	**39,310**	**41,170**	**41,361**

Balance Sheet

The Group's indicators remained stable, with a slight decrease in total assets reflecting overall structural consistency. Inventory declined, while trade receivables increased, indicating shifts in working capital driven by ongoing commercial activity. Liabilities decreased and equity strengthened, supporting a **well-balanced financial position**.

Balance Sheet (EUR k)

Indicator	31.03.25	31.12.25	31.03.26
Liabilities			
LT Loans	10,000	9,472	9,450
LT Other loans	1,500	1,500	1,500
Bonds	17,174	17,661	17,698
Deferred income	3,977	3,790	3,708
LT leasing liabilities	233	613	551
ST Loans from banks	1,792	2,000	2,092
ST bonds	2,186	1,893	1,924
Advances received	6,152	3,021	2,483
Trade payables	8,338	4,787	4,754
Other payables	896	2,362	2,511
Other ST liabilities	467	3,112	3,390
ST liabilities (Leasing & Factoring)	3,471	3,123	3,431
Total liabilities	**56,186**	**53,334**	**53,492**

Cash flow

Cash Flow Statement (EUR k)

Indicator	3M 2025	3M 2026
Cash Flow from Operating Activities		
Income before tax	995	687
Depreciation	348	376
Other adjustments	-	97
Financial expenses and incomes	817	882
Net cash flow from operating activities	**2,160**	**2,042**
Changes in working capital	**(350)**	**(1,384)**
Cash Flows from Financing Activities		
Financial expenses and incomes	(817)	(794)
Loans	1,103	138
Leasing and factoring	884	246
Other	(3,228)	(44)
Net cash flow from financing activities	**(2,058)**	**(454)**
Cash Flows from Investing Activities		
CAPEX	382	(284)
Other	-	(148)
Net cash flow from investment activities	**382**	**(432)**
Cash - carry forward	179	410
Net Cash Flow	**134**	**(207)**
Cash - bring forward	313	203

Key Performance Indicators

Summary

Consolidated revenue 3M 2026 — **EUR 16.91m** | +1.8%

Compared to 3M 2025

Consolidated EBITDA margin 3M 2026 — **11.5%** | +0.8 p.p.

Compared to 3M 2025

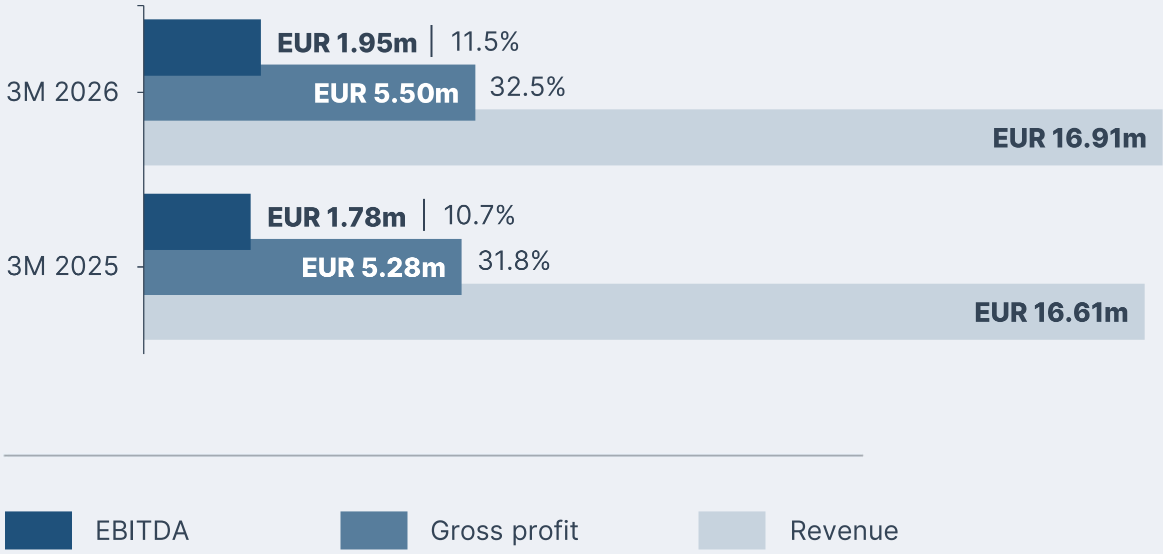
Gross profit margin 3M 2026 — **32.5%** | +0.8 p.p.

Compared to 3M 2025

Consolidated NWC 3M 2026 — **EUR 25.72m** | +28.3%

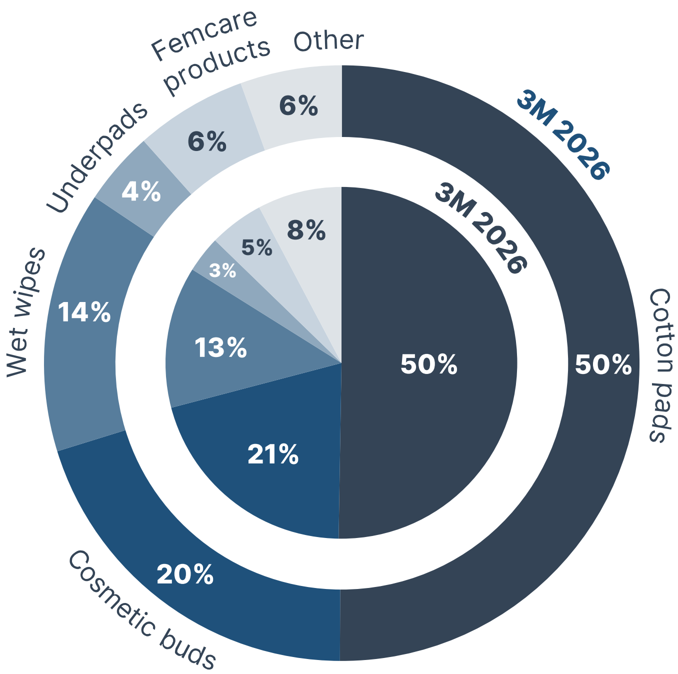
Compared to 3M 2025

Revenue



Key Performance Indicators

Consolidated EBITDA Build-up



	3M 2026	3M 2025
Cotton pads	**50%**	50%
Cosmetic buds	**20%**	21%
Wet wipes	**14%**	13%
Underpads	**4%**	3%
Femcare prods.	**6%**	5%
Other	**6%**	8%

Working Capital

Fixed Assets

March 2025 (Actual)   March 2026 (Actual)

Working capital increased to EUR 25.72m, strengthening the Group's operational capacity, while fixed assets declined slightly to EUR 50.09m, reflecting a moderate reduction in long-term asset base.

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Reg. number 42103057947
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SEPA codes: LV92ZZZ42103057947 | **VAT number:** LV42103057947
The company is registered in the VAT register 30.12.2011

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