Unaudited Consolidated Results

Management report H1 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 Mińsk Mazowiecki (13,200 m², 44 lines), iCotton group's turnover in H1 2026 amounted to EUR 34.88m, with 45% from local markets and 55% from the EU and other exports.

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

15 years on the market

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

36 years on the market

Highlights of H1 2026

iCotton Group posted H1 2026 **revenue** of EUR 34.88m, up 6.9% Y2Y from EUR 32.62m in H1 2025.

Based on unaudited financial statements, the iCotton Group's **gross profit** rose to EUR 11.10m in H1 2026 from EUR 10.29m in H1 2025, while the **gross margin** increased slightly from 31.5% to 31.8% (+0.3 p.p.). This improvement reflects better pricing efficiency and a more effective cost structure.

Operating leverage improved: **EBITDA rose** 14.4% Y2Y up to EUR 4.45m in comparison to 6.9% revenue growth, lifting the EBITDA margin up to 12.8% (+0.8 p.p.), while administration expenses fell 5.1% Y2Y.

The Group continued developing and expanding its product portfolio and continuing packaging upgrades focused on consumer convenience and brand positioning. Growth was led by underpads, up 31.7% Y2Y to EUR 3.00m, and cotton buds, up 12.7% to EUR 5.34m, while the other category rose 24.4% and femcare revenue 2.4%, **broadening the revenue mix**.

The Group **resumed capital investment** in H1 2026, with capital expenditure of EUR 2.73m (vs. H1 2025: nil) focusing on production capacity increase and equipment for new products. Fixed assets rose up to EUR 52.09m from EUR 50.98m a year earlier, supporting volume growth across the six main production categories.

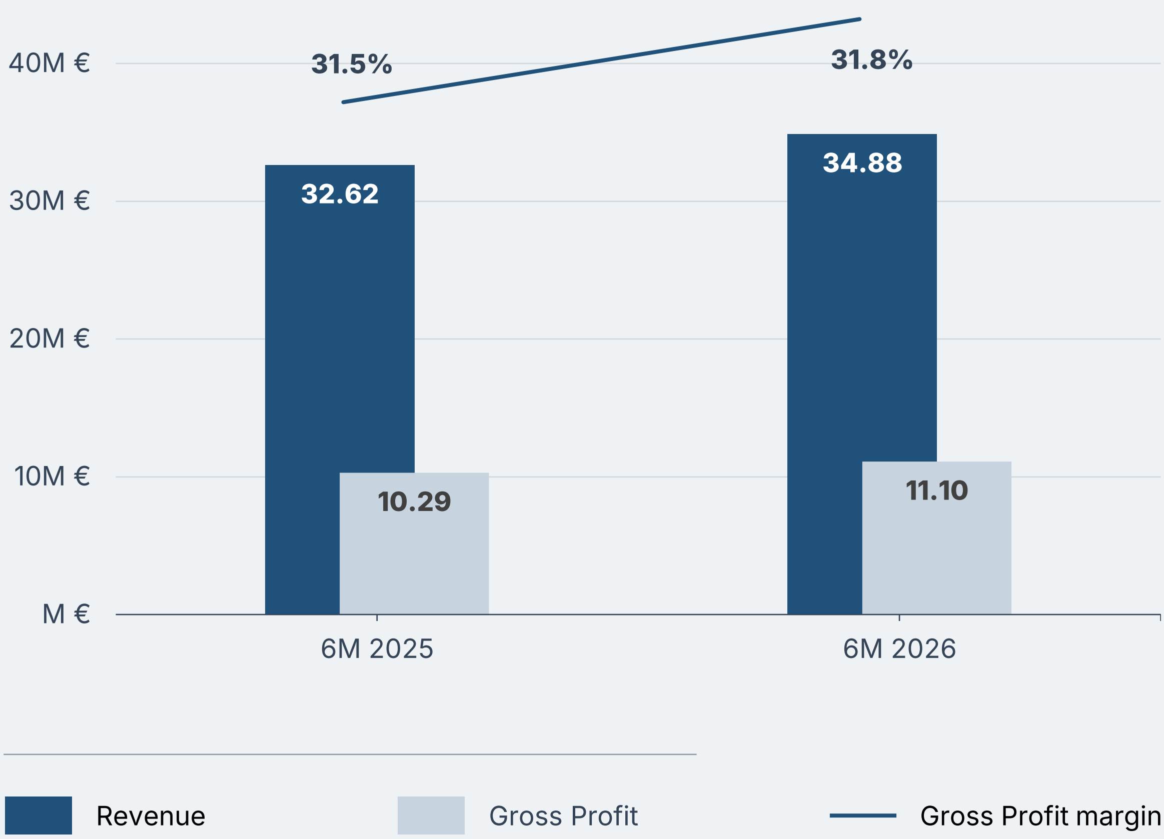
Key Financials

Revenue

In H1 2026, the Group achieved **steady revenue growth**, **product diversification** and **stronger profitability**, underpinned by ongoing **operational efficiency** gains and **disciplined cost management**. Revenue rose 6.9% Y2Y up to EUR 34.88m from EUR 32.62m in H1 2025.

Gross profit increased from EUR 10.29m up to EUR 11.10m, a rise of 7.9%, while the gross margin improved from 31.5% to 31.8%. This modest margin improvement points to a slight strengthening in **cost control** and a more **balanced product portfolio**.

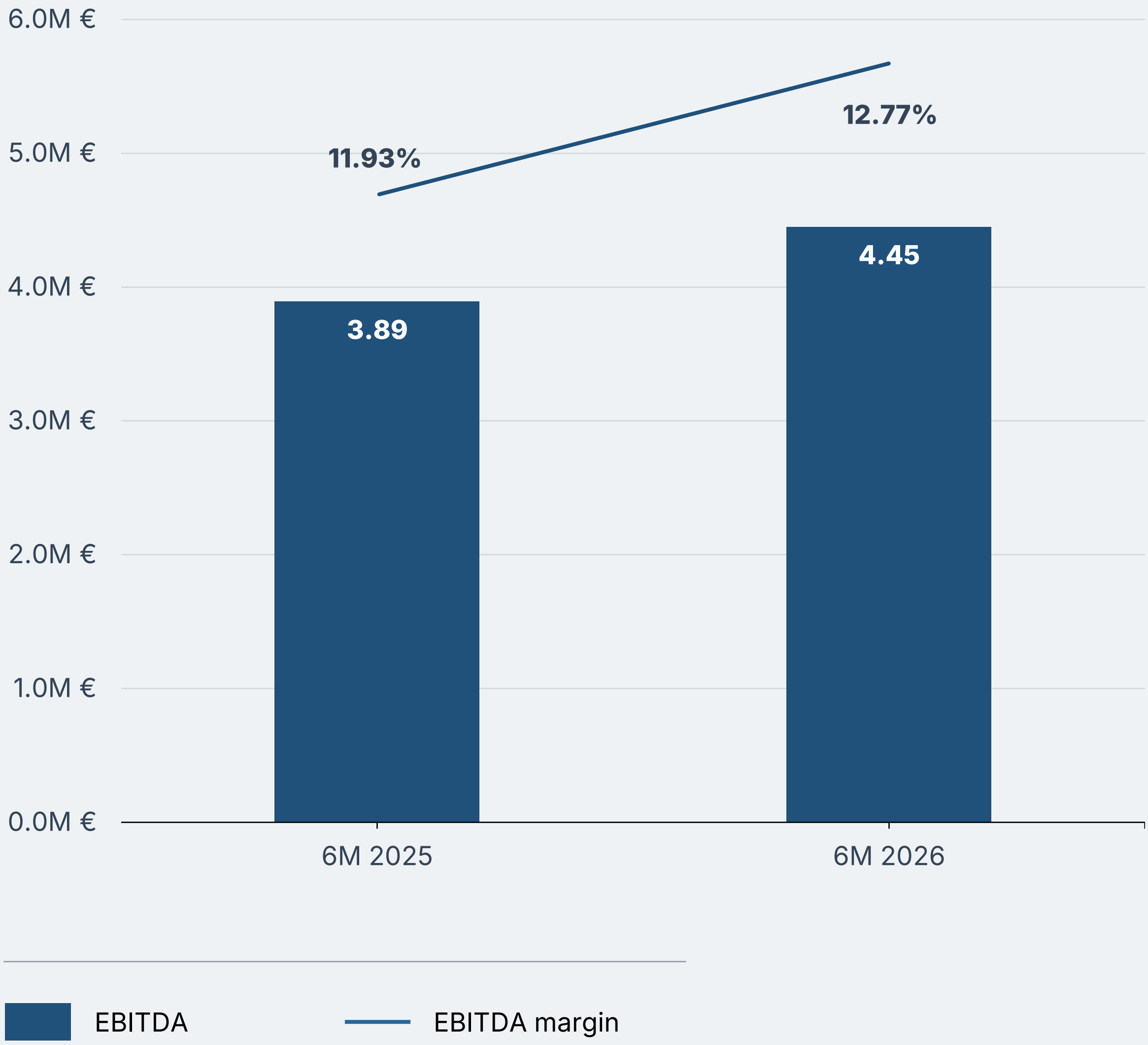
The Group remains focused on further strengthening **operational performance** and supporting sustainable **long-term growth**.



Key Financials
EBITDA

In H1 2026, the Group generated **EBITDA** of EUR 4.45m compared to EUR 3.89m in H1 2025, an increase of 14.4%. The **EBITDA margin** improved from 11.9% up to 12.8%.

Overall, the results reflect continued **improvement in operating performance**, supported by steady revenue growth to EUR 34.88m and sustained profitability across the Group's core activities.



Covenants & Ratios

The Group's financial position **remained solid** in H1 2026, underpinned by revenue of EUR 34.88m and EBITDA of EUR 4.45m, pointing to **stable operations** and **earnings growth**. Working capital climbed up to EUR 24.61m, reinforcing the liquidity buffer.

External net debt held steady at EUR 31.24m, providing Debt/EBITDA ratio at x3.19 – a **comfortable level of leverage**. The Debt Service Coverage Ratio rose up to x2.78, evidencing a stronger capacity to service debt.

A 43.7% equity ratio confirms a **balanced capital structure** and ongoing **financial stability**.

Consolidated Covenants (EUR m)

Indicator	Value
Revenue	34.88
EBITDA	4.45
WC	24.61
External net debt	31.24

Ratios

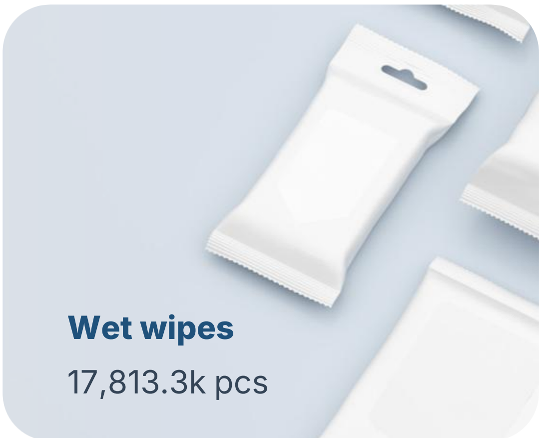
Indicator	Value
Equity ratio	43.7%
LTM DEBT/EBITDA	x3.19
DSCR	x2.78

Production Performance H1 2026

Main Categories

Cotton pads

32,791.5k pcs



Wet wipes

17,813.3k pcs

Femcare products

23,633.5k pcs

Cotton buds

13,883.3k pcs

Underpads

23,076.0k pcs

Dry wipes

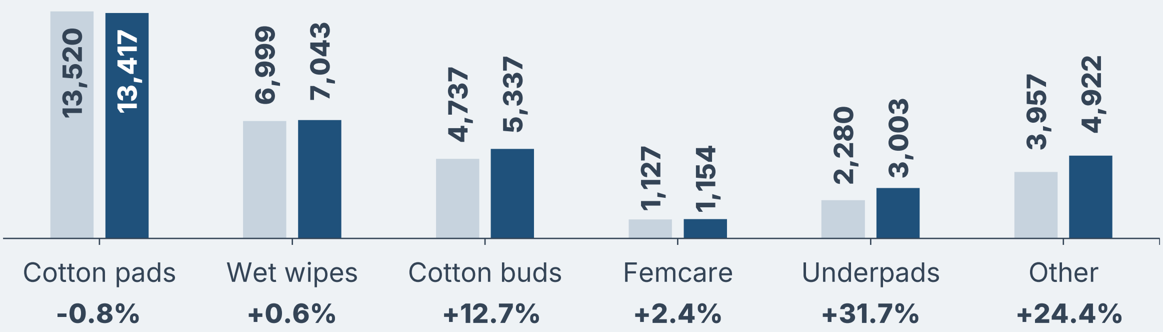
11,694.0k pcs

Sales by Product Groups

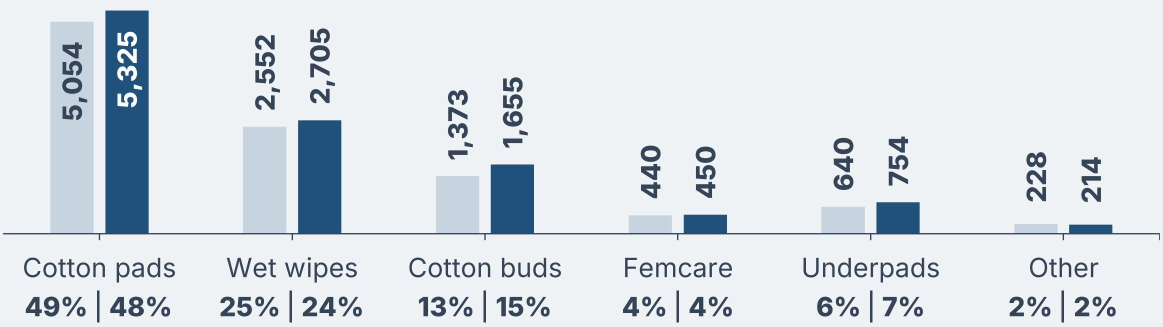
In H1 2026, the Group's revenue performance varied across product categories. **Cotton pads** declined slightly by 0.8%, while **wet wipes** increased by 0.6% compared with H1 2025. **Cotton buds** recorded moderate growth of 12.7%.

Stronger performance was observed in higher-value segments - with **femcare** revenue increase by 2.4% and **underpads** revenue grow by 31.7%, emerging as key growth drivers. The **other** category also increased by 24.4%, contributing to a more diversified revenue structure.

Revenue Distribution by Product Categories (EUR k)



Gross Profit Distribution by Product Categories (EUR k)



6M 2025

6M 2026

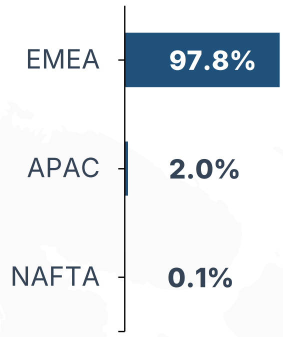
Revenue Breakdown*

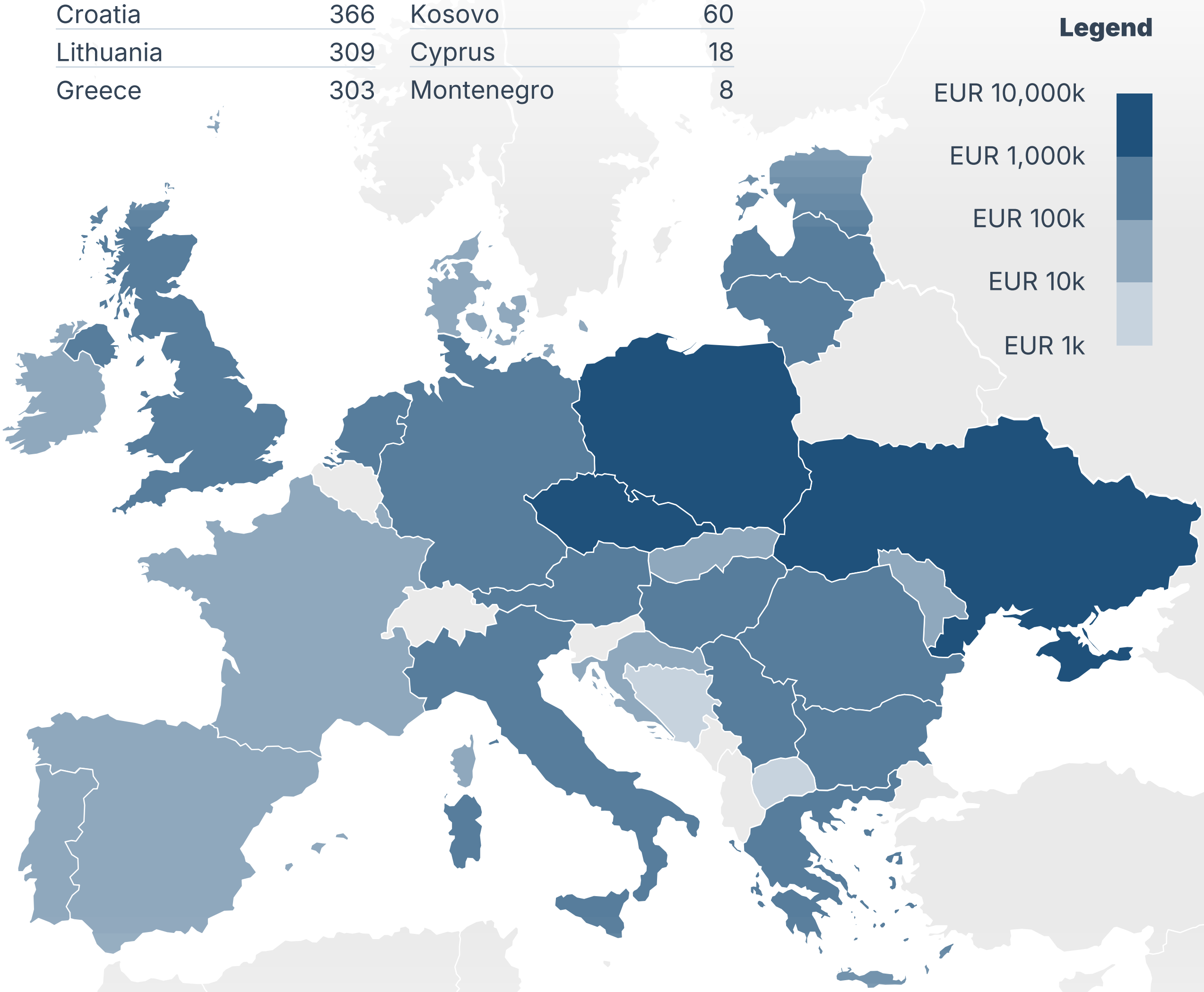
*For the period of H1 2026

Sales in Europe, Revenue (EUR k)

Country	Revenue	Country	Revenue
Poland	15,472	The UK	275
Czech Republic	2,911	Serbia	245
Ukraine	2,656	Spain	242
Germany	1,277	Bulgaria	211
Italy	1,158	Moldova	186
Austria	594	Denmark	144
The Netherlands	591	Ireland	137
Hungary	575	Slovakia	129
Latvia	462	Luxembourg	103
Romania	397	France	85
Estonia	389	Portugal	74
Croatia	366	Kosovo	60
Lithuania	309	Cyprus	18
Greece	303	Montenegro	8

Sales by Region





Income Statement

Group **revenue** rose by 6.9%, from EUR 32.62m in H1 2025 up to EUR 34.88m in H1 2026, driven by steady demand and sustained market activity. **Cost of sales** grew by 6.4%, and the **COGS-to-revenue ratio** held steady at 68%, pointing to consistent operational efficiency.

Sales expenses grew by 5.5%, while **administration expenses** fell by 5.1%, reflecting stepped-up commercial activity alongside ongoing cost discipline. Other operating income rose, and other operating costs also increased, reflecting greater non-core activity.

Income Statement (EUR k)

Indicator	**6M 2025**	**6M 2026**
Revenue	32,621	34,876
Cost of sales	(22,334)	(23,773)
Gross profit	**10,287**	**11,103**
Sales expense	(4,401)	(4,642)
Administration expense	(3,296)	(3,127)
Other operating income	798	1,179
Other operating costs	(884)	(1,426)
Financial income	462	116
Financial costs	(1,862)	(1,709)
Income before tax	**1,104**	**1,494**
Corporate income tax	(197)	(426)
Net income	907	1,068
Depreciation	(1,389)	(1,365)
EBITDA	**3,893**	**4,452**

KPIs

COGS as % of Revenue	68%	68%
Gross profit margin	32%	32%
EBITDA margin	12%	13%

Balance Sheet

Total assets remained almost unchanged at the level of EUR 95.84m. **Inventory** fell by 13.3% Y2Y down to EUR 12.02m, whereas **trade receivables** rose by 10.2% Y2Y up to EUR 24.32m, reflecting **increased commercial activity**.

Total liabilities decreased by 5.0% Y2Y down to EUR 53.98m, caused mainly by lower trade payables and advances received. **Equity** grew by 7.2% Y2Y up to EUR 41.86m, underpinned by retained earnings, reinforcing the Group's capital base.

Balance Sheet (EUR k)

Indicator	30.06.25	31.12.25	30.06.26
Assets			
Intangible assets	1,499	1,651	1,598
Fixed assets	50,980	50,651	52,093
Long-term financial investments	2,872	2,628	2,354
Deferred tax assets	3,627	3,255	2,777
Inventory	13,859	12,170	12,022
Trade receivables	22,061	23,456	24,315
Other current assets	544	263	252
Short-term financial investments	-	19	19
Cash	462	411	411
Total assets	**95,904**	**94,504**	**95,841**
Share capital	13,333	13,333	13,333
Own shares or units	(5,183)	(5,183)	(5,183)
Other capital	-	268	35
Undistributed profits	26,857	26,792	28,893
Profit or loss for the period	679	2,122	1,068
Non-controlling interest	3,375	3,838	3,718
Equity	**39,061**	**41,170**	**41,864**

Balance Sheet

The Group's key indicators remain solid. Inventory eased, while trade receivables increased, impacting the working capital from ongoing increase of commercial activity. Liabilities declined and equity strengthened, showing a **well-balanced financial position**.

Balance Sheet (EUR k)

Indicator	**30.06.25**	**31.12.25**	**30.06.26**
Liabilities			
LT Loans	10,000	9,472	9,470
LT Other loans	1,500	1,500	1,500
Bonds	17,441	17,661	17,726
Deferred income	3,910	3,790	3,649
LT leasing liabilities	165	613	587
ST Loans from banks	2,328	2,000	2,063
ST bonds	1,982	1,893	1,967
Advances received	5,922	3,021	1,452
Trade payables	8,298	4,787	6,094
Other payables	1,280	2,362	1,973
Other ST liabilities	199	3,112	3,958
ST liabilities (Leasing & Factoring)	3,818	3,123	3,538
Total liabilities	**56,843**	**53,334**	**53,977**

Cash flow

Cash Flow Statement (EUR k)

Indicator	6M 2025	6M 2026
Cash Flow from Operating Activities		
Income before tax	1,104	1,494
Depreciation	1,389	1,365
Other adjustments	(85)	(91)
Financial expenses and incomes	1,862	1,593
Net cash flow from operating activities	**4,270**	**4,361**
Changes in working capital	**(5,183)**	**(512)**
Cash Flows from Financing Activities		
Financial expenses and incomes	(1,862)	(1,604)
Loans	1,701	626
Leasing and factoring	1,162	(38)
Other	-	(23)
Net cash flow from financing activities	**1,001**	**(1,039)**
Cash Flows from Investing Activities		
CAPEX	-	(2,734)
Revenue from the sale of FA and IA and other activity	371	-
Other	(176)	(76)
Net cash flow from investment activities	**195**	**(2,810)**
Cash - carry forward	179	411
Net Cash Flow	**283**	**-**
Cash - bring forward	462	411

Key Performance Indicators

Summary

Consolidated revenue 6M 2026 **EUR 34.88m** | +6.9%

Compared to 6M 2025

Consolidated EBITDA margin 6M 2026 **12.8%** | +0.8 p.p.

Compared to 6M 2025

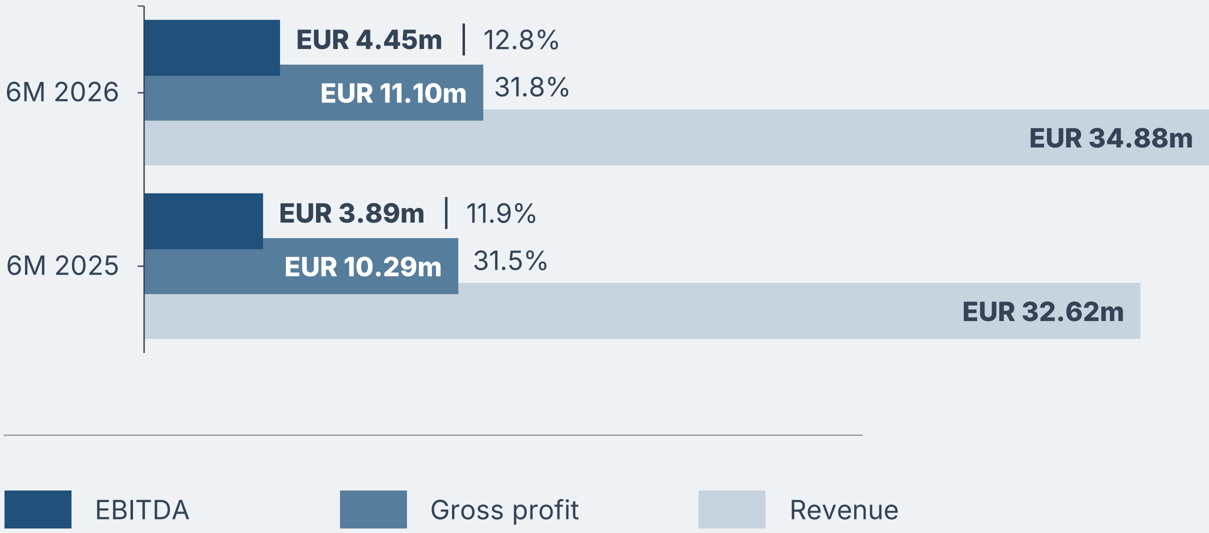
Gross profit margin 6M 2026 **31.8%** | +0.3 p.p.

Compared to 6M 2025

Consolidated NWC 6M 2026 **EUR 24.61m** | +15.0%

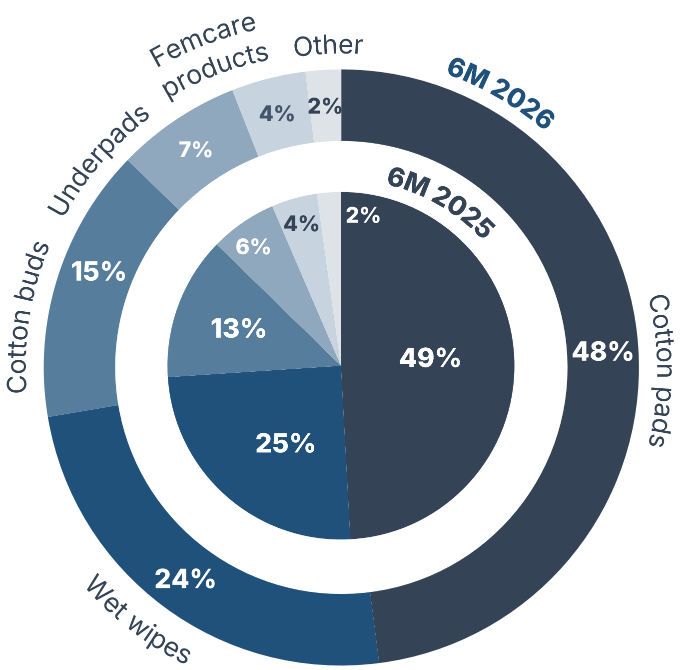
Compared to 6M 2025

Revenue



Key Performance Indicators

Consolidated EBITDA Build-up



	6M 2025	**6M 2026**
Cotton pads	49%	**48%**
Wet wipes	25%	**24%**
Cotton buds	13%	**15%**
Underpads	6%	**7%**
Femcare prods.	4%	**4%**
Other	2%	**2%**

Working Capital

Fixed Assets

June 2025 (Actual)   June 2026 (Actual)

Working capital rose up to EUR 24.61m, strengthening the Group's operational capacity, while fixed assets increased up to EUR 52.09m, reflecting a modest expansion of the long-term asset base.

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Reg. number 42103057947
Share capital: EUR 13 333 300 | **Paid:** EUR 8 150 000
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