



COMPANY DESCRIPTION

January, 2024 Introducing iCotton group

IMPORTANT LEGAL INFORMATION

This document (the “Document”) has been drawn up and made public solely for the purposes of listing the securities of SIA iCotton, registration number 42103057947, legal address at Krūmu iela 74, Liepāja, LV-3405, Latvia (the “Issuer”) and admitting them to trading in multilateral trading facility First North operated by Nasdaq Riga AS. This Document is not and should not be construed as an offer to sell or solicitation of an offer to buy any securities. The Issuer has made all reasonable efforts to ensure that this Document provides an accurate overview of the Issuer’s business activities, financial standing, and the Notes issue. The information contained in this Document is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.

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RESPONSIBLE PERSONS

The Issuer and its management board are responsible for the information contained in this Company Description and Securities Note (Terms of the Notes Issue signed on 13 December 2023) in the attachment.

Hereby I, member of the board of SIA iCotton, Sergejs Binkovskis, certify that, by paying sufficient attention to this purpose, the information included in the Company Description and Securities Note is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.

Sergejs Binkovskis

Member of the Board

AGENDA



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ICOTTON & HARPER HYGIENICS 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



GROUP MILESTONES

1990



2001



2006



2010

Harper Hygienics founded

Product line expansion with baby and make-up wet wipes

Production plant in Warsaw, Minsk Mazowiecki area put into operation

Harper Hygienics listed on Warsaw Stock Exchange

2019



2017



2016



2011

BluOr bank granted **financing for construction of the new production plant specialized on female hygienic products** (panty-liners and sanitary pads)
Capex: 5 MEUR

iCotton controls close to **66% of Harper Hygienics S.A.** shares

Arvell production line launched at Harper Hygienics

iCotton develops 1.stage of its own **production-warehouse facility** in Liepāja

iCotton founded as a greenfield project. Later co-financed by LIAA/CFLA respective programs
Production started in rented premises in Liepāja, Latvia

2020



2021



2022



2023



Expansion of the production & storage capacities (second stage) at iCotton Liepāja facility

Underpads and eco-products (buds with paper stick) launched at Harper Hygienics

iCotton produced first batches of **spunlace**

iCotton began mass production of feminine hygiene products

Launch of a new production facility & start of feminine hygiene products manufacturing

Harper Hygienics established a **Ukrainian subsidiary** to support distribution efforts in Ukraine

Hempress Hygienics brand acquired and company in USA established

BUSINESS OVERVIEW



- Non-woven fabric Arvell
- Cotton buds
- Cotton pads

- Wet wipes
- Underpads
- Canisters



- Cotton spunlace
- Natural non-woven fabrics
- Cotton pads

- Dry wipes
- Feminine hygiene products

OUR ADVANTAGES



No. 1 in Poland and Baltics

Leading producer of hygiene products in Poland and the Baltic States



Strongest Brand

Cleanic is the strongest brand in Poland and Central-Eastern Europe



Sustainability leader

Leader in development of new **eco, organic, and biodegradable** products



Unique non-woven fabric

Unique non-woven fabric production lines Arvell & Trützschler, available only by few producers



Distinctive equipment

Cutting-edge equipment designed for distinctive non-woven fabric production. Significantly more efficient than competitive equipment available on the market. **Vertical integration and complete production cycle.**

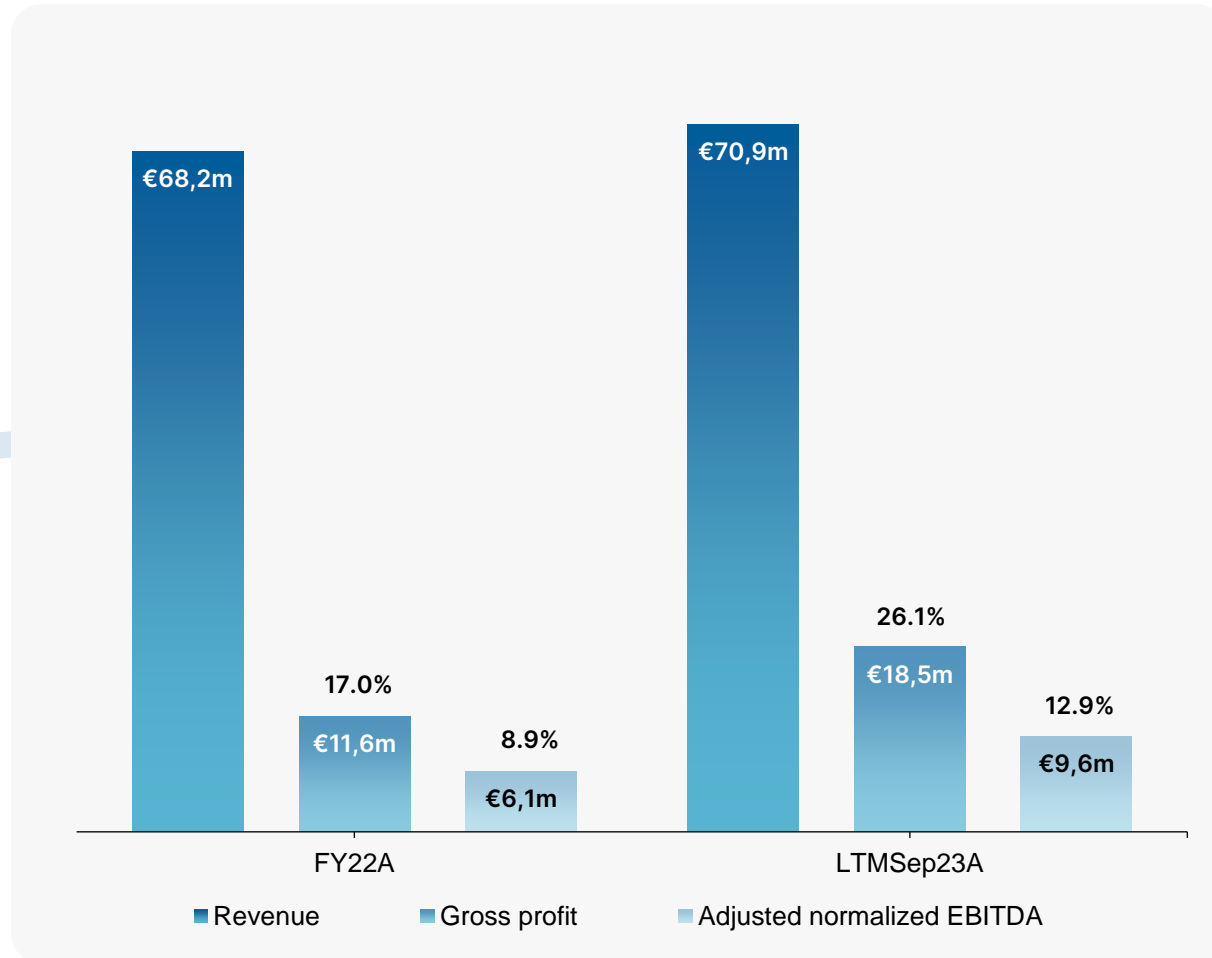


Highest standards

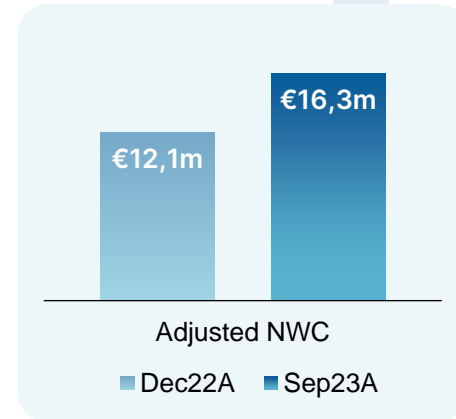
ISO, BRC, GMP, FSC, Vegan, Ecocert, OCS quality standards implemented

KEY PERFORMANCE INDICATORS

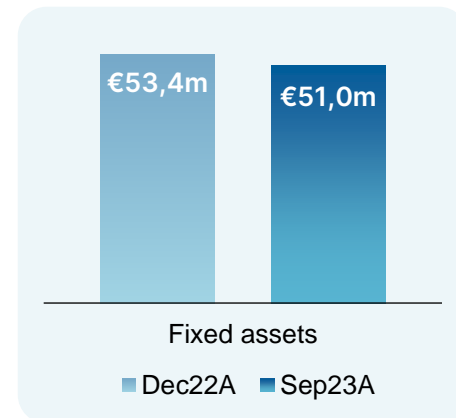
Net sales value



Adjusted NWC



Fixed assets



SALES BREAKDOWN¹

Sales channels



Modern trade²
80%

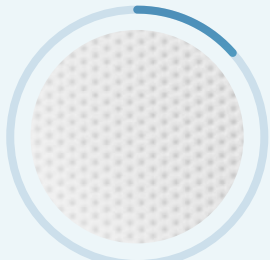


Traditional trade³
20%

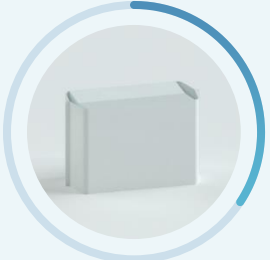
Sales split per type



Brand
55%



**Nonwoven
& B2B**
13%



Private label
32%

Sales per country



**Export: The EU
& other 40 states**
55%



**Domestic market:
Poland & Baltic**
45%

¹ For the period of Jan 2022 – Sep 2023

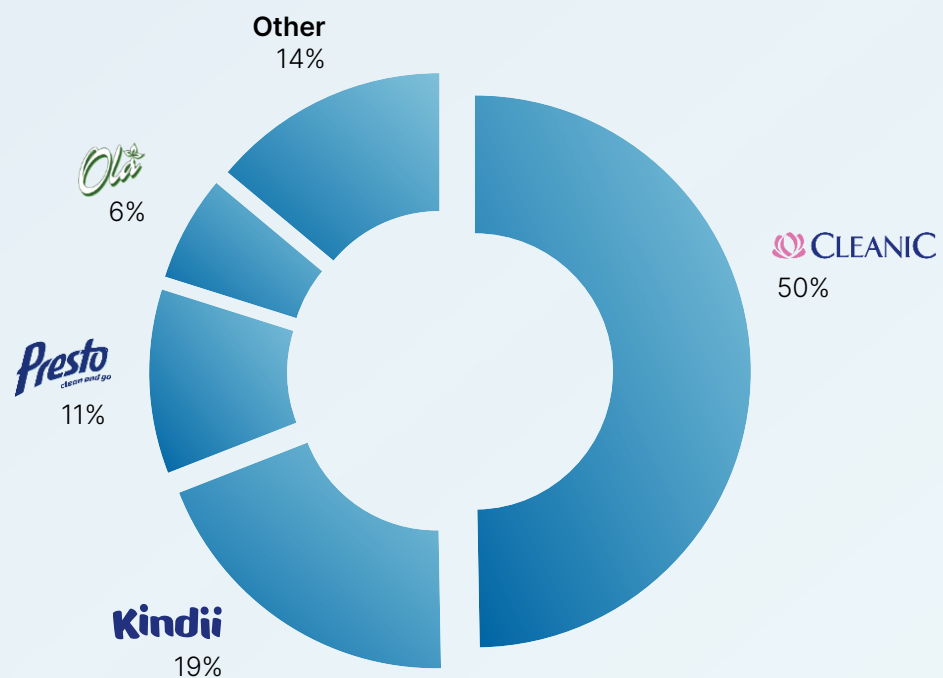
² Modern trade refers to the sale of goods through large, organized retail channels like supermarkets and hypermarkets

³ Traditional trade involves selling goods through small, independent retailers like local markets, corner stores, neighborhood shops

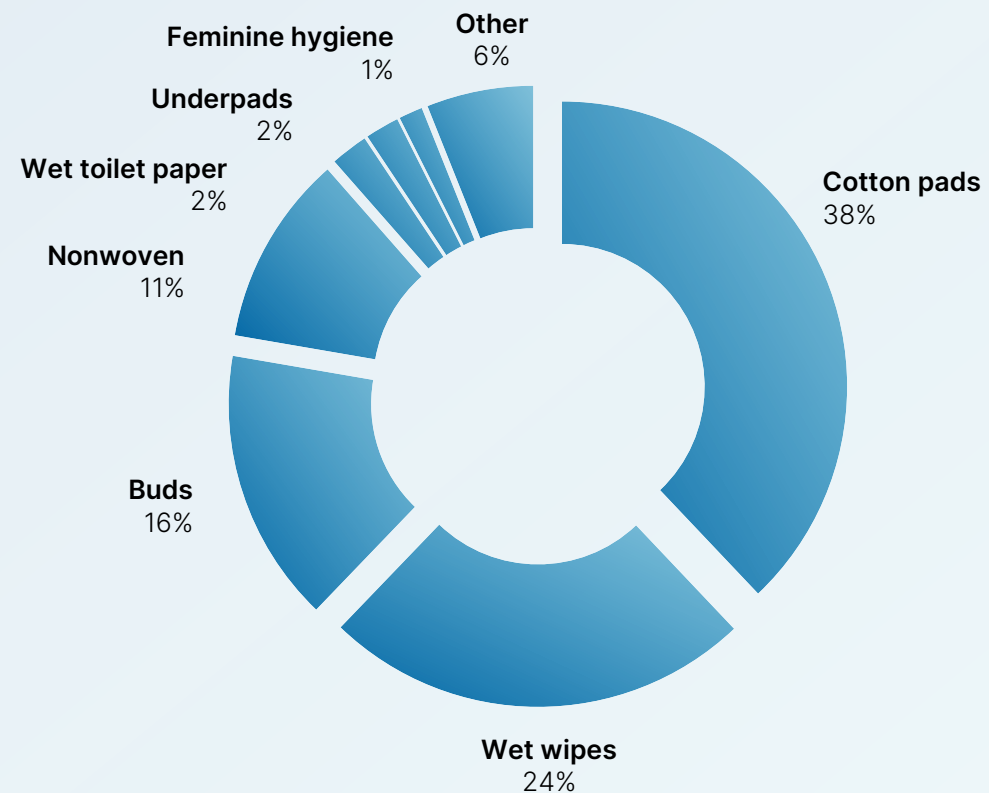
REVENUE BREAKDOWN

BY BRANDS AND PRODUCT CATEGORIES¹

Net sales breakdown by Group's brands



Net brand and private label sales breakdown by Product category



Company management reports data

¹ For the period of of Jan 2022 – Sep 2023

REVENUE BREAKDOWN BY CLIENTS¹

CLIENT CONCENTRATION

Item	Net sales value, M EUR	Share, %
Client 1	10.1	8%
Client 2	9.6	8%
Client 3	8.8	7%
Client 4	4.3	4%
Client 5	3.1	3%
TOP-5	35.9	30%
TOP-10	50.2	42%
TOP-20	68.2	56%
TOP-30	81.2	67%
Total	120.9	100%

- The biggest client is assessed at 8% of the Group's sales
- Top-10 clients generate 42% of the Group's Net sales value

SELECTED CLIENTS

Drugstores

ROSSMANN

SUPER-PHARM 

Drogas

hebe
zdrowie i piękno

eva

Retailers

Rimi

coop



TESCO

METRO GROUP

MAXIMA

Auchan

ALDI



Kaufland

Intermarché

Ciubno

Biedronka

LIDL real

Wholesalers

GRUPA
POLSKI HANDEL

E-Commerce

amazon

allegro

DOZ.PL

GEMINI

¹For the period of Jan 2022 – Sep 2023

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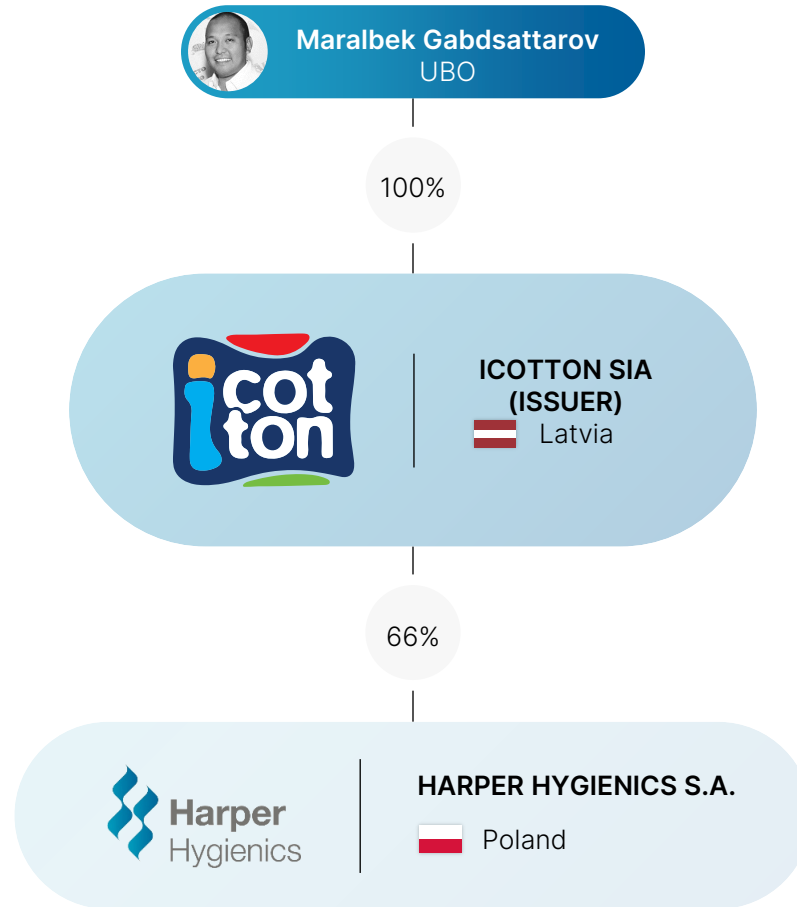
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GROUP STRUCTURE



SUPERVISORY AND MANAGEMENT BOARD

Management Board



Sergejs Binkovskis

Chairman of the Management Board of iCotton SIA (Issuer)
Member of the Management Board of Harper Hygienics S.A.



Dmitrij Kostojanskij

Chairman of the Management Board of Harper Hygienics S.A.

Sergejs Binkovskis is a dedicated and seasoned professional with a robust background in production management and supply chain operations. Bringing over a decade of experience, Mr Binkovkis has been an integral part of the company since 2011, contributing significantly to the enhancement of production processes, material supply, sales and finished product stock management. Mr Binkovkis has eighteen years of experience in the production industry and since 2005 has worked in several companies, including Bella Art and Enigma Lux.

Dmitrij Kostojanskij is a dynamic professional who has been an integral part of the Group since 2013. From 2013 to 2018, Mr Kostojanskij served as an advisor for iCotton SIA, playing a pivotal role in the development and implementation of cost-cutting programs. In early 2017, he took on the role of Interim Vice-President of the Supervisory Board at Harper Hygienics S.A. In this capacity, he assumed a crucial role in a project group focused on company acquisition. Since the end of 2018, Mr Kostojanskij has held the position of Chairman of the Management Board at Harper Hygienics S.A.

SUPERVISORY AND MANAGEMENT BOARD

Supervisory Board of the Issuer



**Maralbek
Gabdsattarov**

Chairman of the Supervisory Board
of Harper Hygienics S.A. & iCotton SIA

Maralbek Gabdsattarov: the largest shareholder and founder of the Group, started his career in 2001, initially serving as a distributor of hygiene and beauty products tailored for the CIS markets. In a decisive move in 2011, to serve the European market Mr Gabdsattarov decided to launch production facilities in Europe, which resulted in the establishment of SIA iCotton in Liepaja, Latvia. Through astute management and leveraging EU grant programs, a cutting-edge production facility was successfully developed, reflecting Mr Gabdsattarov's commitment to market diversification and entry into Western markets. The year 2017 witnessed a significant milestone as Mr Gabdsattarov orchestrated the acquisition of Harper Hygienics S.A., strengthening the European portfolio of the Group. Currently serving as the Chairman of the Supervisory Board for the Issuer and the Guarantor, Mr Gabdsattarov continues to provide strategic guidance, showcasing a unique ability to navigate diverse markets and manage complex organizational structures



Jānis Bormanis

Member of the Supervisory
Board of iCotton SIA

Jānis Bormanis is a seasoned professional with extensive expertise in crafting diverse financial structures, encompassing debt financing acquisition, project financing, and capital market financing attraction. Mr Bormanis has honed expertise in various corporate and investment banking management roles at financial institutions in Germany and Latvia. Mr Bormanis holds a Master's Degree in Business Administration (BWL) from the Friedrich-Alexander-University of Erlangen-Nürnberg.



Atis Zvidriņš

Member of the Supervisory
Board of iCotton SIA

Atis Zvidriņš – is a distinguished professional serving in key supervisory roles. With a background that includes roles as Investment Director and CFO, Mr Zvidriņš has demonstrated a robust track record in financial leadership and investment management. In his present capacity as Investment Director at ALTUM, Mr Zvidriņš brings a wealth of experience to the strategic oversight of various ventures.

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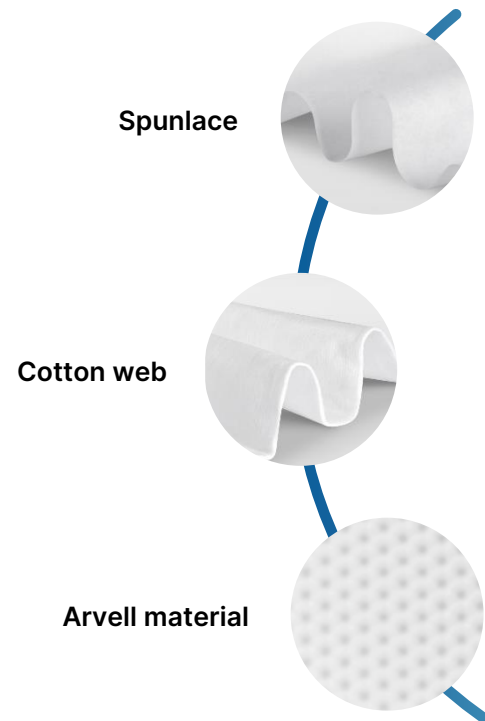
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VERTICAL INTEGRATION

UNIQUE OPPORTUNITIES

Thanks to the **complete production circle**, the group ensures production of products from basic raw materials to finished goods



Our competence includes **manufacturing of non-woven materials of natural origin** – cotton, linen, hemp and different mixes. The innovative **Arvell spunlace** technology allows to produce a broad range of end-user products.

Our portfolio of ready-made goods includes **high quality** hygiene products – **cotton pads, cotton buds, wet wipes, underpads, dry wipes and feminine hygiene products.**



Cotton pads



Wipes



Feminine hygiene

PRODUCTION FACILITIES IN POLAND AND LATVIA



 Poland



 Latvia

Manufacturing

13 204 m² | 9 000 m²

Logistics

10 000 m² | 4 100 m²

Office

737 m² | 290 m²

Area

57 867 m² | 41 068 m²

Employees

527 | 139

Lines

44 | 11



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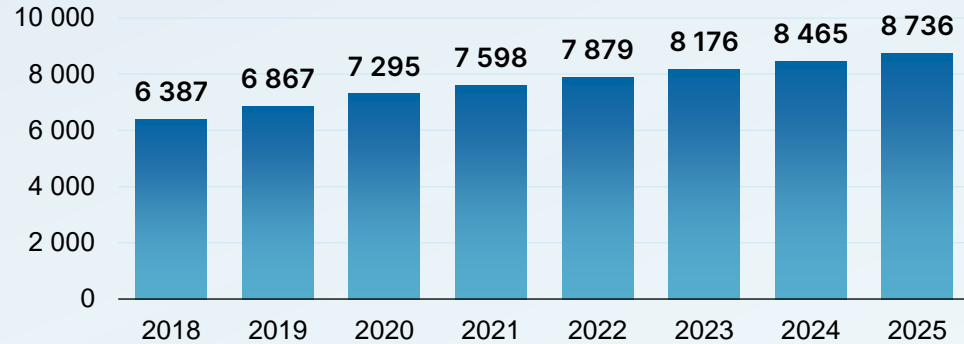
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WORLDWIDE HYGIENIC MARKET

MARKET EXPECTED TO CONTINUE GROWING

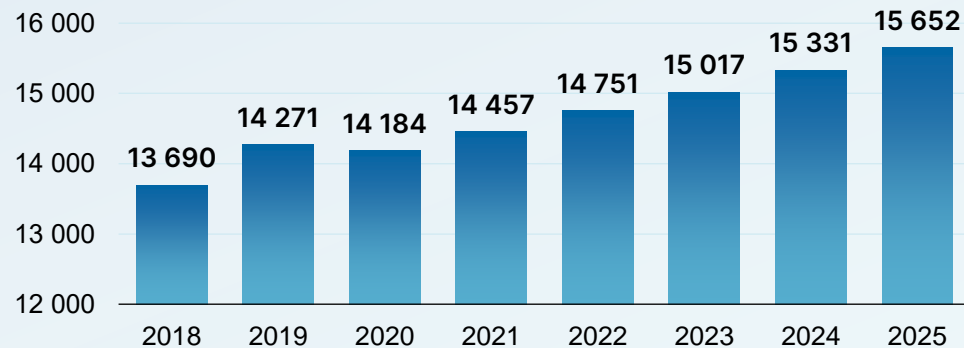
CAGR 4.6%

Personal Wipes



CAGR 1.9%

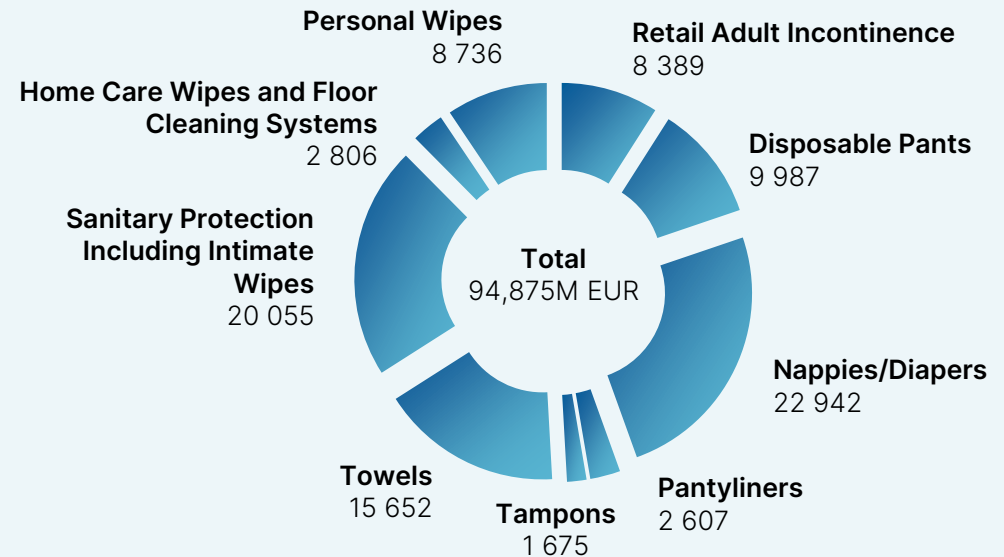
Towels



Total hygienic market in the World by 2025: 95B EUR

The overall **impact of the COVID-19 pandemic remained positive for the hygiene market industry**. The spread of COVID-19 has led to an increase in demand for cleaning and personal hygiene products due to heightened awareness about hygiene and safety.

Distribution by product group in 2025 M EUR



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CLEANIC UMBRELLA BRAND

Having been on the market for three decades, addressing diverse consumer groups, the Cleanic brand boasts a remarkable **awareness of over 90%¹**.

Cleanic **trademark is valued at EUR 11.4M** by independent appraiser.

The Cleanic brand is the top brand in the hygienic products category, commanding 47% of value shares in its key segment. It offers a wide range of products for daily skincare and hygiene.

Now



Sanitary pads & pantyliners



Cosmetic buds



Cosmetic pads



Wet wipes



Dry wipes

Führer development



Tampons



Micellar water, makeup removing milk



Lotion cosmetics pads



Cream



Facial masks

¹ According to AC Nielsen data as of 02.2023

KINDII UMBRELLA BRAND

Ranked among the top 5 largest brands in the **children's hygiene category** and recognized as the leading Polish brand. Brand No. 1 in the category of baby cotton pads with over 50% market share.

The most extensive range of hygiene products for infants and children. Kindii eCommerce sales development in 2023 in Poland resulted in the quickest sales growth year to year (+41%) and leadership for Kindii in baby cotton pads (75% of shares).

Now



Underpads



Cosmetic buds



Cosmetic pads



Wet wipes



Dry wipes

Fuhrer development



Panties & diapers



Breast pads



Powder, baby cosmetics



Bibs


PRESTO UMBRELLA BRAND

The Presto brand offers wet wipes for quick and easy cleaning without additional liquids or emulsions. Available in various fragrances and designations (i.e. for kitchen, bathroom, wooden or stone surfaces, leather furniture windows, etc.).


Presto trademark is valued at **EUR 10.3M** by independent appraiser.

Additionally, the Presto product line features dry wipes. Also, Presto plans to expand its product range, introducing household sponges, soap, garbage bags, shoe cosmetics, freezer bags, baking paper, and laundry liquids.

Now



Wet wipes



Dry wipes

Fuhrer development



Household sponges



Soap




**Dishwashing detergents,
surface cleaners, laundry liquids**



**Freezer bags, baking
paper, cling wrap**



Garbage bags



Shoe cosmetics

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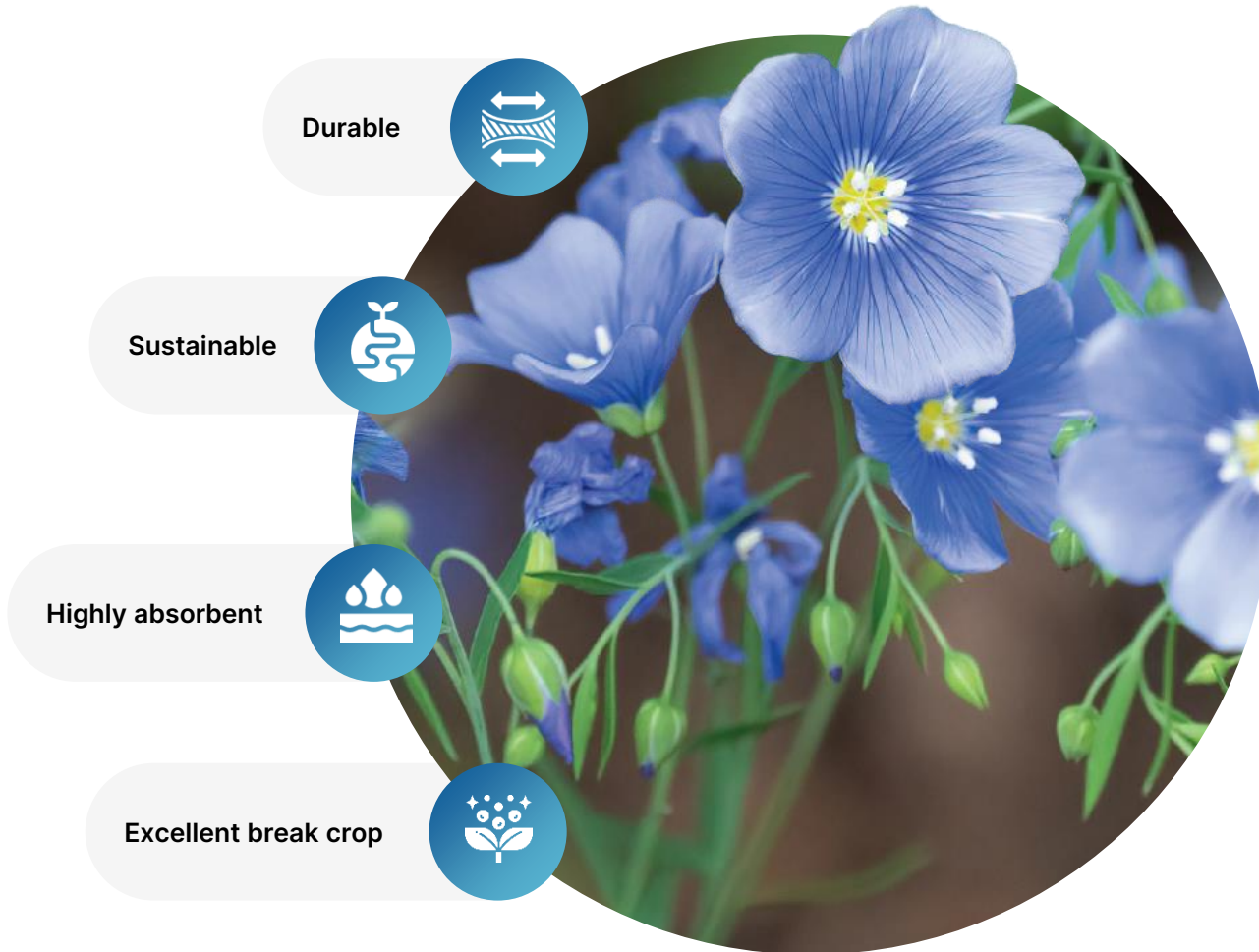
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LINEN

RECENTLY LAUNCHED SUSTAINABLE PRODUCTS



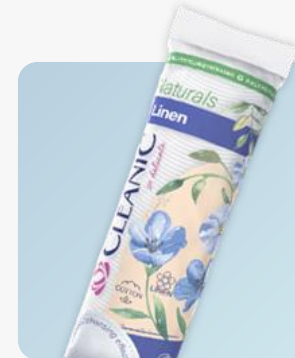
Harper Hygienics' own products made with linen



Pantyliners



Sanitary pads



Cosmetic pads

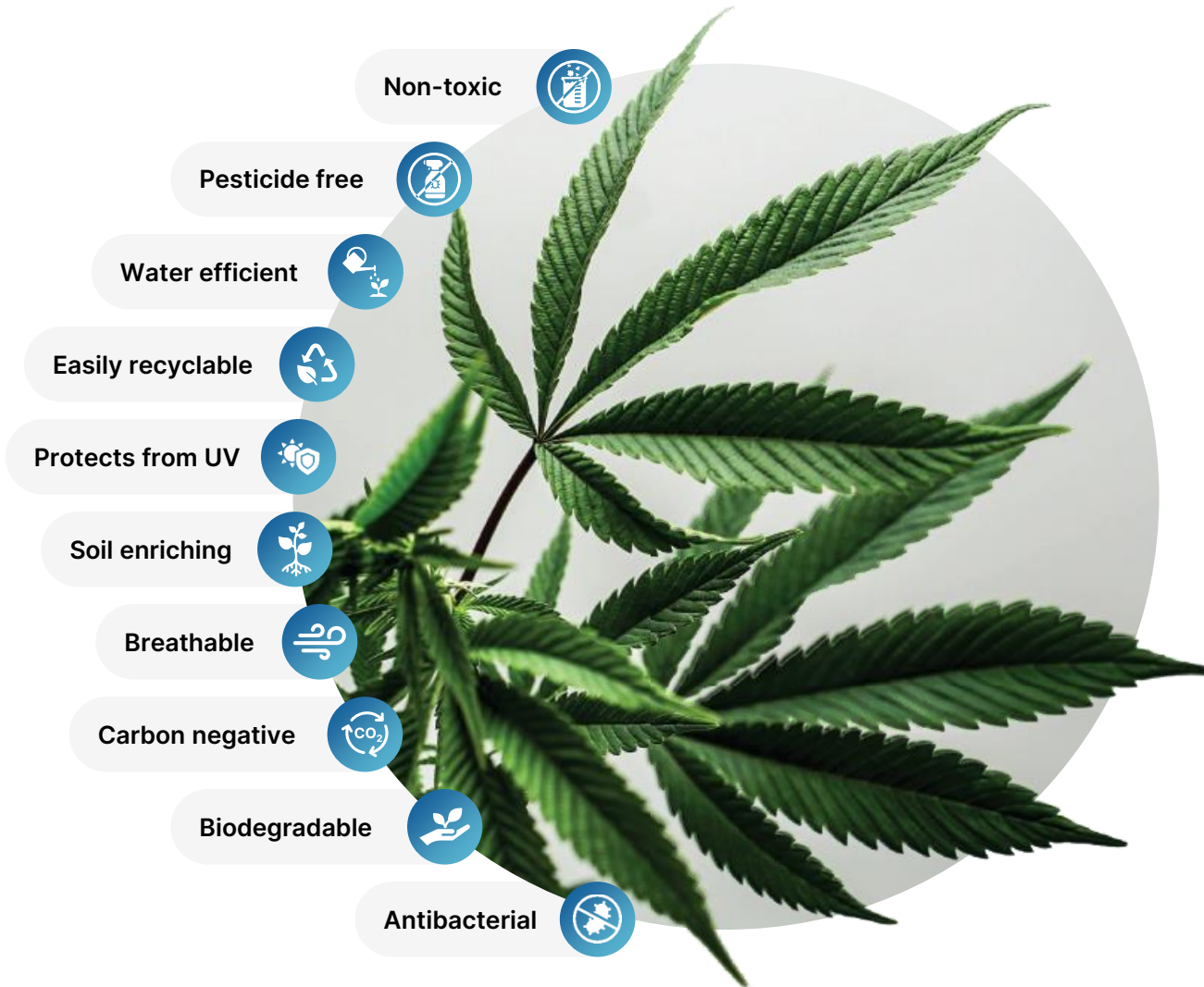


Cosmetic buds

Also available with linen: wet wipes, dry wipes, underpads

HEMP

RECENTLY LAUNCHED SUSTAINABLE PRODUCTS



Harper Hygienics' own products made with hemp



Pantyliners



Sanitary pads



Cosmetic pads



Cosmetic buds

Also available with linen: wet wipes & dry wipes

HEMPRESS FIRST STEPS TO ENTER THE US MARKET



Hempres Hygienics inc was founded in 2019 and became a trailblazer for hemp fibre technology and sustainable period care products. It created the first **100% hemp tampons, pads and liners.**

Hempres products are organic, carbon negative and contain 90% less plastic than traditional products. Products have successfully tested to perform equal to or better than similar organic products in the US while being the fastest to biodegrade.



First delivery of the products was executed in Q2/2023.



In March'23, iCotton acquired key assets of Hempres Hygienics Inc., including trademarks, which allow expansion to the North American market and beyond.



Hempres has submitted **patent applications** that encompass specifications for a tampon, pad, and liner.



100% hemp-based products have high margins, with a gross margin above 40%, and price tags that are twice as high as traditional products.



As a result of the transaction, Founders will remain actively involved in the business as the top management.



The company has 10k+ Instagram followers.



All products will be manufactured at iCotton and Harper Hygienics. iCotton is also planning to file for patents on products with a lower hemp content given its manufacturing capacity allows producing additional volumes of feminine care SKUs.



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ESG STRATEGY



Renewable energy

100% of the energy consumed in 2023 has been covered by guarantees of the origin or other certificates confirming the production of power from renewable sources showcasing our commitment as conscious and responsible energy consumers.



Regulatory and compliance

We consistently oversee the alignment of our operations with the stipulations of international, national, industry-specific, and relevant foreign laws, as well as internal policies and procedures. This includes compliance with decisions made by pertinent managerial bodies.



Work safety

We strive to ensure that our business operations positively impact the well-being of our employees and society at large. Addressing and minimizing any potential negative effects of our products on society is a key aspect of our social responsibility efforts.



Collaboration with charities

We collaborate closely with charitable organizations, extending our support by providing them with our hygiene products to contribute to the well-being of those in need.



Raw materials

The Company chooses suppliers meticulously in order to secure the highest quality of raw materials (cotton natural fibers, fully recyclable packaging, eucalyptus pulp, etc.) used in its production.



Technology

To reduce its carbon footprint, the Company invests significant funds into cutting-edge equipment, energy-saving technologies, FSC certification, UPM recycling loop.



Ready products

The Company puts significant marketing efforts to promote eco-friendly, fully-recyclable, and compostable products aiming at minimizing the impact of its products on the environment.

ESG STRATEGY

WE CARE ABOUT THE QUALITY AND HIGH STANDARD OF OUR PRODUCTS

Our products have received numerous **consumer awards** and have been developed by a highly qualified and experienced team working at our **research and development department**. The team avails itself of the latest achievements in the technology of cotton and synthetic fibre processing.

Our priority challenge is to maintain the **highest standards at every stage of the production process**. Raw materials, packaging and production facilities are constantly supervised by the **quality assurance department**. The quality control team also monitors half-finished products and final products in each stage of the production process. Relevant analyses are performed in strict accordance with European standards in a cutting-edge laboratory. Microbiology tests have confirmed that our products are safe for consumers. All test results are properly registered to be verified if required.

To guarantee the safety of its products, the complex **quality management system** based on standardisation of internal processes was implemented:

- ISO 22716 – TÜV Rheinland Polska
- BRC CP: 2013 (BRC Global Standard Consumer Products) TÜV Rheinland Polska
- Implemented ISO 9001:2008 standard
- Forest Stewardship Council



199259



WE STRIVE TO BE IN HARMONY WITH NATURE

Global Organic Textile Standard (GOTS) is the leading standard for the processing of textile products made of organic fibres, which guarantees:

100% organic cotton content in a product.

Cotton originating from certified and controlled cultivations without pesticides and artificial fertilisers.

Control over the entire manufacturing process.

The Vegan certificate guarantees that a product bearing it meets the following requirements:

Does not contain ingredients of animal origin.

Is not tested on animals.

Does not contain genetically modified plant ingredients (GMO).

The Seal of Cotton trademark is an iconic tool that allows consumers to easily identify products made of cotton.

Visual reference to identify products made of cotton reserved for high-quality natural products.

Guarantee for consumers: around 6 from 10 women in Mexico (76%), Europe (56%) and the U.S. (57%) say they aim to use premium feminine hygiene products that display the seal of Cotton Incorporated.

SUSTAINABLE MANUFACTURING

GROUP RESPONSE TO GLOBAL TRENDS



Biodegradable and compostable products with GOTS/ECOCERT, VEGAN, COTTON INCORPORATED, OCS/ECOCERT certificates:

cotton pads, buds, wet wipes, underpads, produced from **natural, biodegradable raw materials**, such as

- cotton
- organic cotton
- bamboo
- sugar cane
- cellulose
- hemp
- linen

Liquids with a limited amount of ingredients

Eco friendly **packaging**:

- recyclable or biodegradable
- switching from plastic boxes to paper boxes

Protective products: • antibacterial • disinfectant

Zero waste: Eco program RafCycle™ with UPM-Raflatac

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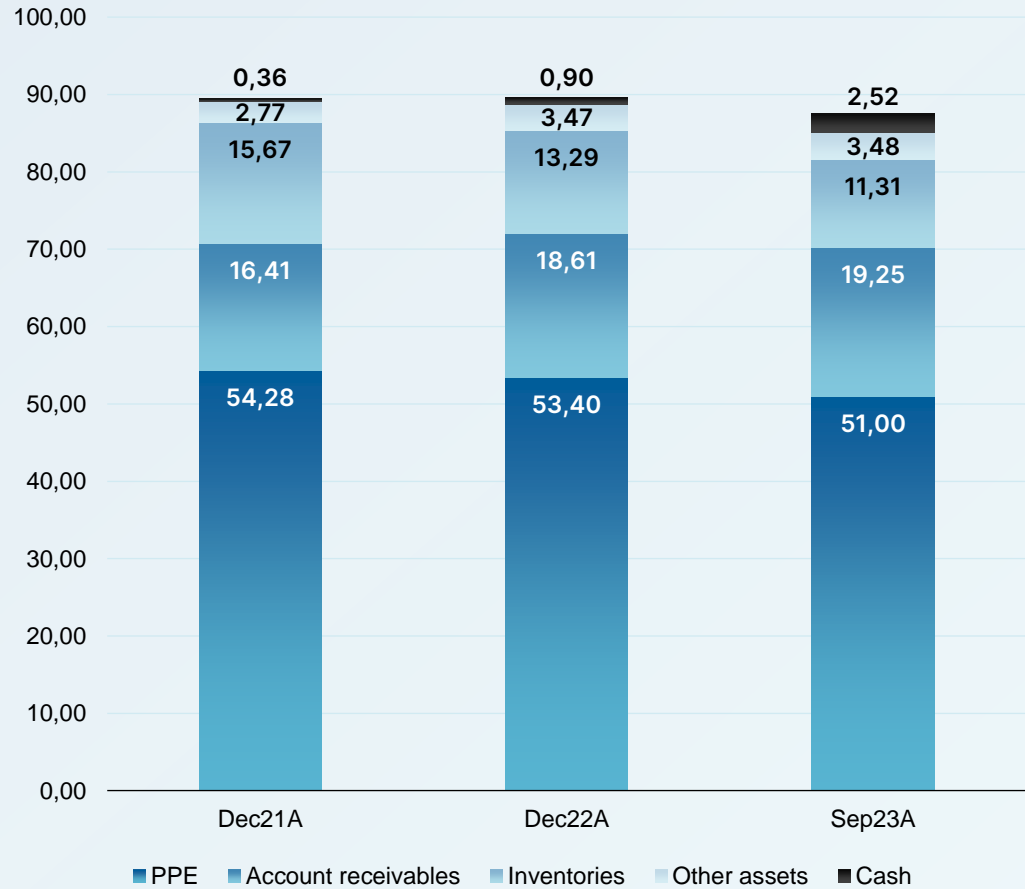
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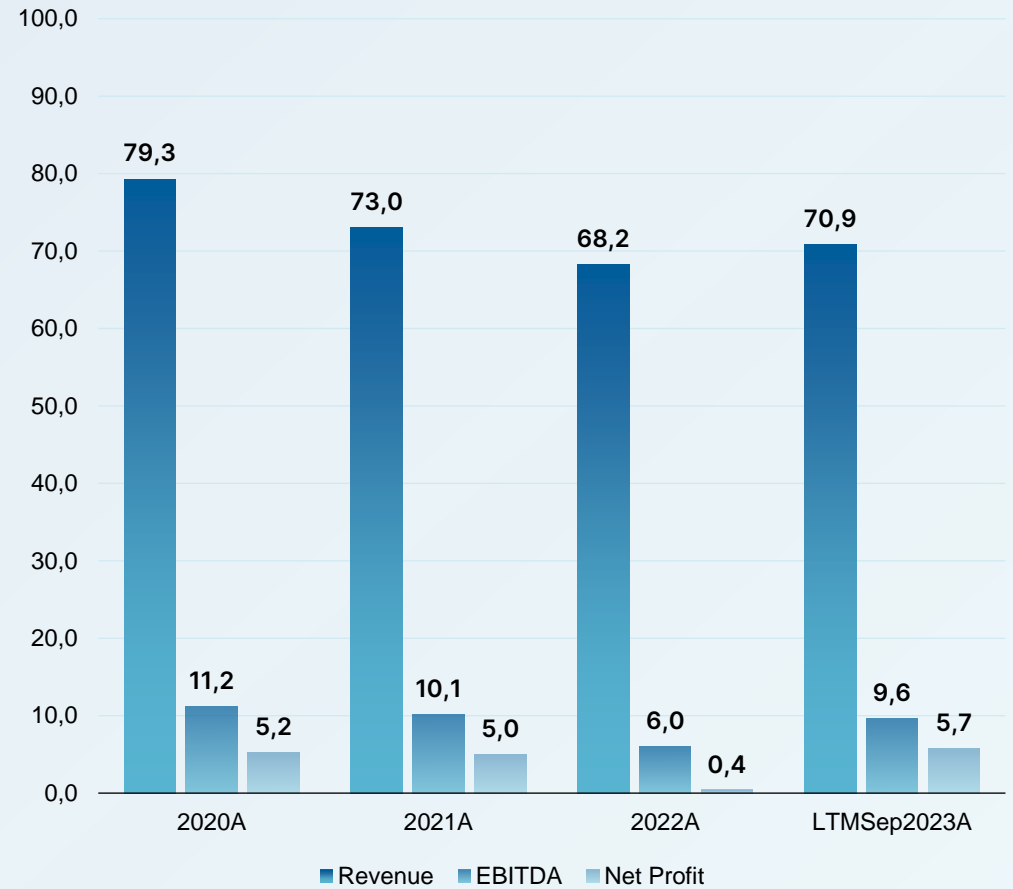
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ASSETS & FINANCIAL RESULTS

Assets M EUR



Financial results M EUR



KEY FINANCIALS REVENUE



Highlights

Since Q4 2022 the Group has been firmly on a **dynamic recovery and grow path** from the previous **2-3 years of all kinds of global unexpected challenges**, including:

Covid-19, which resulted in:

- production and supply chain disruptions,
- delays in capacity expansion and new product development, because of suppliers' inability to implement them on site.

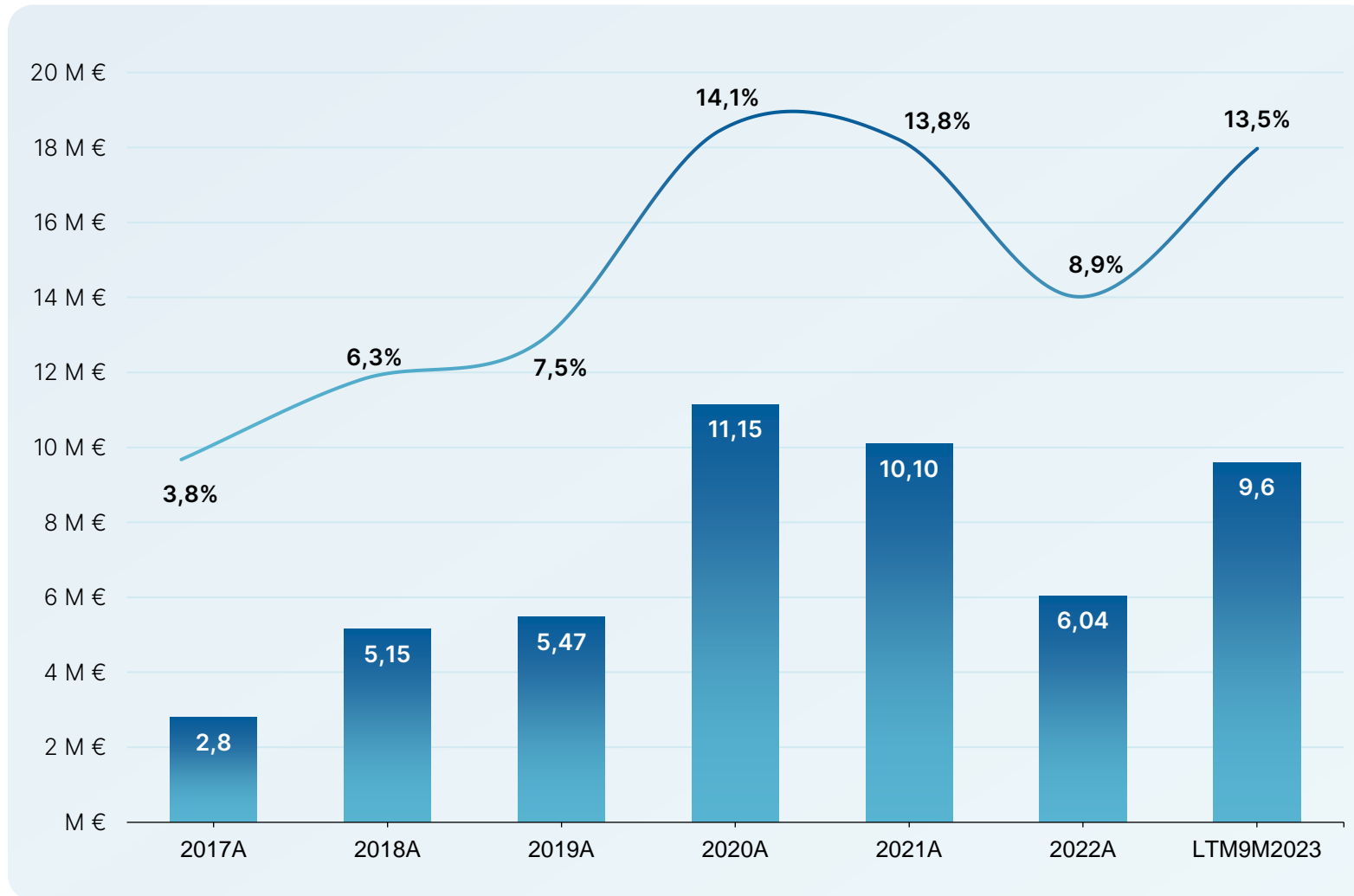
War in Ukraine, which resulted in:

- a surge in raw material and energy prices,
- need to make supply chain adjustments
- ad hoc reshuffle of the Group's export markets.

Since the start of the war, the Group has significantly decreased exports of products to Russia/Belarus and has successfully shifted focus to other markets.

To illustrate, the share of exports to CIS customs zone markets has declined from 48% in 2021 to 14% in 1H 2023, with Ukraine being the main market in this category (with ca. 50% share).

KEY FINANCIALS EBITDA¹



Highlights

The shift towards new markets and the strengthening of its presence in existing markets, combined with the stabilization of raw material prices, has **enabled the Group to significantly improve its financial results:**

- **Revenue** for 9M 2023 reached EUR 52.7m (+11% y/y), **EBITDA** reached EUR 7.6m (+42% y/y),
- **EBITDA margin** increased to 14,4%, exceeding the level of previous years.

The Group is well positioned to benefit from market recovery, **exceeding pre-Covid revenue and EBITDA levels without the need for new significant capital expenditure**, thanks to previous investments in new product lines (e.g., launch of feminine hygiene in 2022) and capacity expansion over the previous years.

According to the Group's financial model

¹ Normalized adjusted EBITDA (EBITDA + extraordinary non-operative expenses)

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TERM SHEET

Issuer	SIA iCotton (Latvia)
Seniority of notes	SNDB – Senior Debt
Type of notes	Senior secured bonds
ISIN	LV0000802783
Issue size	EUR 20 000 000
Issue price	100.00%
Maturity	30 June 2027
Annual coupon rate, coupon frequency	6% + 3M EURIBOR, paid quarterly Initially 9.975%
Nominal value	EUR 1 000
Collateral	<ul style="list-style-type: none"> • Mortgage on real estate in Poland and Latvia¹ • Commercial pledge on fixed assets in Poland and Latvia • Commercial pledge on trademarks • Commercial pledge on the shares of SIA iCotton
Guarantees	Corporate guarantee from Harper Hygienics S.A. (Poland)

Use of proceeds	Refinancing and working capital financing
Principal repayment	Maturity date, <i>bullet</i>
Call Option	1 st year no call, @102% after 1 st year, @101% after 2 nd year, @100% 3 months before maturity
Put Option	In case of Change of control @101%
Financial Covenants²	<ul style="list-style-type: none"> • Equity ratio min 25% • Net Debt / EBITDA max 3.5x • DSCR ratio min 1.2x Financial covenants tested on quarterly basis, based on consolidated results
Arranger and Certified adviser	Signet Bank AS
Collateral Agent	TGS Baltic SIA
Admission to trading	Nasdaq Riga First North Bond list

¹ First rank pledges in Latvia, first rank pledges in Poland (partly pari passu shared with Altum AIF)

² Full list of covenants can be found in the Terms of the Issue.

CERTIFIED ADVISER



**Signet Bank AS acts as
the First North Certified Adviser
for SIA iCotton**

Official name: Signet Bank AS

Registration number: 40003043232

Main field of activity: Banking services

Address: Antonijas iela 3, Riga, LV-1010, Latvia

Web page: www.signetbank.com

**Representative
Kristiāna Janvare, CFA**

E-mail: Kristiana.Janvare@signetbank.com

Phone: +371 67 081 128

Signet Bank AS is advising SIA iCotton with the preparation of admission documents. The agreement is valid from the day of submitting the application for admission to trading on First North to Nasdaq Riga until the actual first trading day of the Notes on First North platform.

Certified Adviser and employees of the Certified Adviser do not have any direct or indirect shareholdings in the Issuer and are not represented in Board of the Issuer.

RIGHTS OF THE NOTEHOLDERS

Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Clause 10 (*Coupon*) and Clause 11 (*Repayment of Notes*), as well as exercise other rights fixed in the Terms of the Notes Issue and Applicable Laws.

Status of the Notes: The Notes rank pari passu with other senior secured obligations of the Issuer, including the Altum Fund's loan to the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other senior secured creditors (including Altum Fund's loan to the Issuer) in the respective claims' group according to the relevant Applicable Laws. Save for mandatory provisions of law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured liabilities of the Group.

Early redemption: Noteholders shall not have rights to demand early redemption of Notes (put option), except in case of occurrence of the events of default in accordance with the Clause 14 (*Events of default*) or in case of occurrence of a Change of Control in accordance with Clause 11.3 (*Early redemption at the option of the Noteholders*). In case of Change of Control, each Noteholder within a period of 10 (ten) Business Days has the right to

require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

Restrictions on free circulation of the Notes: The Notes are freely transferable debt securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the Applicable Laws.

Representation of the Noteholders: The Collateral Agent is authorized to act with the Collaterals and the Guarantee for the benefits and interests of all the Noteholders in accordance with the these Terms of the Notes Issue and the Collateral Agent Agreement. The Noteholders have no rights to act with the Collaterals and the Guarantee directly, yet at the same time there are no restrictions set for Noteholders' right to create and/or authorize an organization/person that represents the legal interests of all Noteholders or part thereof. In case of the insolvency of the Issuer each Noteholder has the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.

RIGHTS IF THE ISSUER BREACHES ITS OBLIGATIONS

Establishment of and Event of Default (Clause 14.2): Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the occurrence of an Event of Default. If the Issuer confirms that an Event of Default has occurred or does not provide any information within 30 (thirty) Business Days, then the Issuer shall pay all Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest in accordance with Clause 15 (Default interest) within 20 (twenty) Business Days from the occurrence of any

of the aforementioned events, i.e. confirmation or non-response. If the Issuer is unable to pay, the Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may act in accordance with Clause 23.4. (Enforcement of the Collaterals).

Each of the following events of circumstances shall constitute an Event of Default according to Clause 14.1:

- Non-payment
- Breach of Financial Covenants
- Breach of Undertakings
- Cross default Insolvency

For full overview please refer to the Terms of the Issue

RISK FACTORS

Risks related to the Group's business and industry

- Increasing competition could have an adverse effect on the Group's operations
- Supply interruptions of raw materials could have an adverse effect on the Group's operations
- Manufacturing disruption could have an adverse effect on the Group's operations
- Unsuccessful product and geographical expansion could have an adverse effect on the Group's operations
- Damage to the reputation of the Group could have an adverse effect on the Group's operations
- The Group is exposed to IT system and process risk
- The Group is exposed to counterparty credit risk
- The Group is exposed to inventory management risk
- The Group's financial leverage might increase in the future
- The loss of key personnel members of the Group could have an adverse effect on the Group's operations
- The Group may not be able to attract and retain appropriately skilled employees which may have an adverse effect on the Group's operations
- The Group is exposed to operational risks
- The Group is exposed to product liability claims risk
- The Group is exposed to sanctions risk

Risks related to the economic and regulatory environment

- The Group is exposed to changes in macroeconomic and political conditions
- Global pandemic could have an adverse impact on the Group's operations
- The Group's business could be adversely affected by the changes in regulatory environment
- The local tax regime may change

Risks related to the Notes

- Notes repayment risk
- No limitation on issuing additional debt
- Liquidity risk
- Delisting risk
- Price risk
- Early redemption risk
- Tax risk
- Resolutions of Noteholders' risk
- Risk that some Noteholders might have more preferential terms than others

Risks related to Collateral

- Risks associated with the Collateral Agent Agreement
- Risks associated with the value of the Collateral
- Risks associated with Guarantee
- Risks associated with Parallel Debt
- The enforcement of the Collaterals will be subject to the procedures and limitations set out in the Collateral Agent Agreement and these Terms of the Notes Issue
- The rights of the Investors depend on the Collateral Agent's actions and financial standing

For full overview please refer to the Terms of the Issue

AGENDA



Group overview

Group structure & management

Production review

Market overview

Products & brands overview

New products & brands

ESG strategy

Financial overview

Transaction overview

Nasdaq First North listing disclosures

TRANSACTIONS WITH RELATED PARTIES

2021 EUR

2022 EUR

9M2023 EUR

Harper Hygienics S.A.

Delivered goods	2,235,240	6,838,711	4,949,855
Cession transactions	-	4,401,631	2,154,766
Provided services	23,161	-	3,329
Loan interest	141,091	1,064,039	957,071
Received goods	(2,033,820)	(2,078,963)	(1,506,984)
Received services	(441,110)	(370,949)	(394,017)
Purchase of fixed assets	-	(374,700)	-
Loan	10,000,000	-	-

Maralbek Gabdsattarov

Loan	-	93,421	25,000
Loan interest	-	1,916	-

Harper Hygienics Inc.

Loan	-	-	526,413
Loan interest	-	-	12,660
Delivered goods	-	-	113,214

Dana Gabdsattarova

Loan	-	-	(1,500,000)
Loan interest	-	-	(18,986)

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Issuer are shareholders, key management personnel, including members of Supervisory Board, family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

OTHER STATEMENTS

Legal proceedings

At the moment of preparing the Company Description and Securities Note, none of the Group companies is involved in:

- any ongoing legal proceedings or any historical legal proceedings from the previous reporting periods against the Issuer or any Group company,
- any insolvency applications, insolvency proceedings or legal protection proceedings,
- any legal proceedings in connection with fraud or other economic violation in which management board members or supervisory board members of the Group or directors of the Issuer have been involved.

Important agreements

The Issuer has no knowledge of any other important agreements or internal decisions that could have been concluded within the company or between the Issuer and any related company and that could affect the Issuer's capability to fulfil its liabilities due to Noteholders regarding the issued Notes.

Substantial changes in financial situation of the Group

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in the future.

Significant and recent known trends

During 2020 and 2021, many economic sectors were affected by the outbreak of the global pandemic. In late February 2022, Russia started war with Ukraine. Due to Russia's aggression, sanctions were imposed on its politicians, oligarchs and various economic sectors. The resultant spike in energy prices and the constrained trade with Russia have led to a decrease in revenues and a rise in operational costs. Moreover, the pervasive inflationary trend has added an extra layer of complexity to the financial landscape affecting the Group's overall performance. In response to these challenges, the Group has demonstrated resilience and adaptability. Simultaneously, strategic decisions have been made to adjust pricing strategies, seeking to find a reasonable equilibrium between profitability and preserving market share. While the environment is challenging the Group has taken a measured and proactive approach. Continuous monitoring of economic and geopolitical developments is a priority, ensuring the ability to respond promptly to emerging challenges. At the time of signing the Terms of the Notes Issue the Group has no information at its disposal regarding any other known trends that have negatively affected the Group or the activity, apart from the aforementioned impact.

Information about the Issuer

The Issuer is a manufacturer of high-quality hygiene and personal care products and acts as the parent company of the Group. The business operations described in this Company Description refer to the Group's companies. All financial covenants are tested on Group level, hence emphasis on Group performance and results in the Company Description.



Jānis Bormanis

Member of the Supervisory
Board of iCotton SIA

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Reg. number 42103057947

Share capital: EUR 13 333 300 paid: EUR 8 150 000; SEPA kods: LV92ZZZ42103057947

VAT number: LV42103057947; The company is registered in the VAT register 30.12.2011

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