

The background of the slide features several bottles of Mádara organic skincare products. The bottles are a warm, golden-brown color and are arranged in a row. One bottle in the foreground is more prominent, showing its label which includes the brand name 'MÁDARA', 'organic skincare', and the product name 'SKIN EQUA'. A single drop of liquid is falling from the top of the frame, creating a sense of freshness and naturalness. The lighting is soft, highlighting the texture of the bottles and the liquid on the surface they sit on.

**MÁDARA**  
organic skincare

**MANAGEMENT REPORT ON THE  
UNAUDITED FINANCIAL  
STATEMENTS FOR 6 MONTHS OF 2021**

WEBINAR / 09.09.2021.

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This document contains forward-looking statements that are based on the Parties’ expectations, estimates, projections and assumptions. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contemplated by such statements. Forward-looking statements are made and based on information available to the Parties on the date of this document. The Parties do not assume, and expressly disclaim, any obligation to update this information, nor do the Parties take any responsibility to guarantee any result predicted in this document to become actual.

1. OVERVIEW H1 2021
2. IMPORTANT EVENTS

FULL MANAGEMENT REPORT AND  
UNAUDITED FINANCIAL STATEMENTS  
FOR H1 2021 AVAILABLE HERE:

<https://bit.ly/2WZAwdH>



**PRESENTING:**

Uldis Iltners, Member of management board

## BUSINESS CATEGORIES

OWN BRANDS: MÁDARA AND MOSSA  
+ CONTRACT MANUFACTURING  
SKINCARE & MAKEUP

## UNIQUE ELEMENTS/STRENGTHS

UNIQUE ECOCERT&COSMOS CERTIFIED PRODUCTS  
OWN LABORATORY/ R&D TEAM  
MODERN PRODUCTION FACILITY NEAR RIGA AIRPORT  
IN-HOUSE "DESIGN&MARKETING AGENCY"  
STRONG E-COMMERCE PRESENCE

## INNOVATION

ONE OF THE MOST INNOVATIVE ORGANIC CERTIFIED  
COSMETICS PRODUCERS IN EUROPE  
CLOSE COOPERATION WITH LATVIAN UNIVERSITY  
SCIENTIFICALLY PROVEN EFFICACY AND CLAIMS  
NEW INNOVATIVE PRODUCT LAUNCHES EVERY YEAR

## INVESTOR RELATIONS

LISTED ON NASDAQ RIGA FIRST NORTH (11.2017)  
SHAREHOLDERS BENEFITS PROGRAMME  
ESG REPORTING  
RETAIL INVESTOR FRIENDLY

## GROWTH TRENDS H1 2021

TURNOVER GROWTH 20.6% Y-O-Y

EBITDA GROWTH 24.8% Y-O-Y

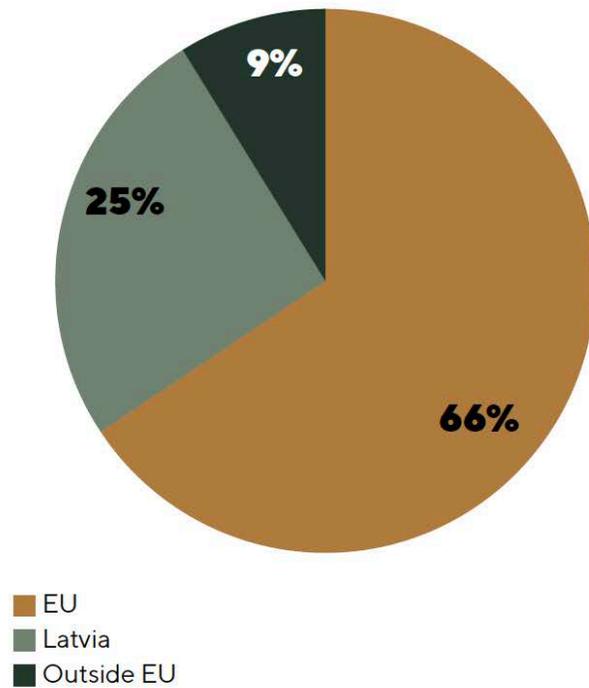
PROFIT BEFORE TAX 31.6% Y-O-Y

Key Ratios and Indicators	2021 H1 EUR	2020 H1 EUR
EBITDA (TEUR)	2 694	2 158
<b>Profitability and sustainability ratios</b>		
1. Gross Margin (%)	68	63
2. Operating Margin (%)	24	22
3. Net Margin (%)	20	22
4. TTM ROE (%)	30	25
5. TTM ROA (%)	29	21
<b>Liquidity ratios</b>		
6. Current ratio (x)	5.30	5.88
7. Quick ratio (x)	3.41	4.27
8. Working capital (TEUR)	9 664	8 627
<b>Leverage ratios</b>		
9. Financial debt to equity (x)	0.004	0.01
10. Debt to equity (x)	0.17	0.16
11. Net financial debt (TEUR)	(5 881)	(5 421)
12. Net gearing (%)	(45.50)	(47.75)

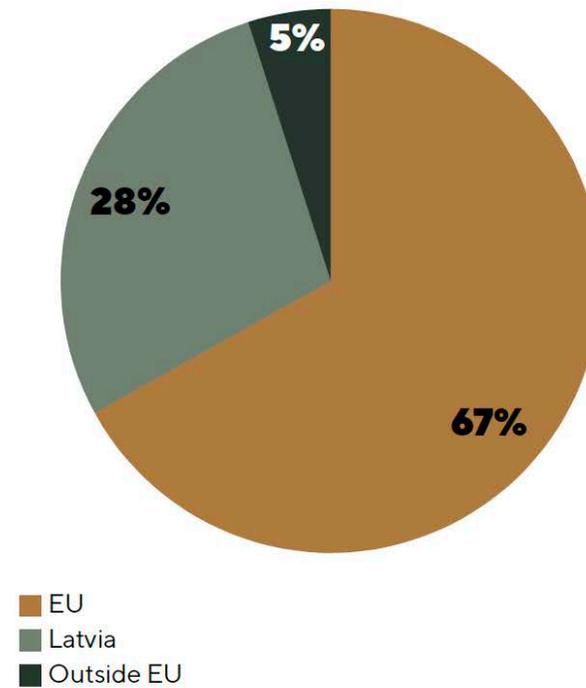
The calculation formulas of the mentioned financial indicators can be found on page 21 of this presentation.

# GEOGRAPHICAL SALES BREAKDOWN

Sales distribution in Latvia, the EU and outside the EU (2021 H1)

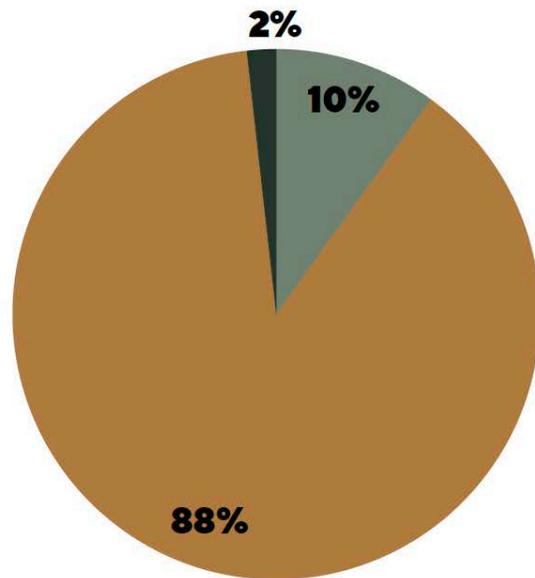


Sales distribution in Latvia, the EU and outside the EU (2020 H1)



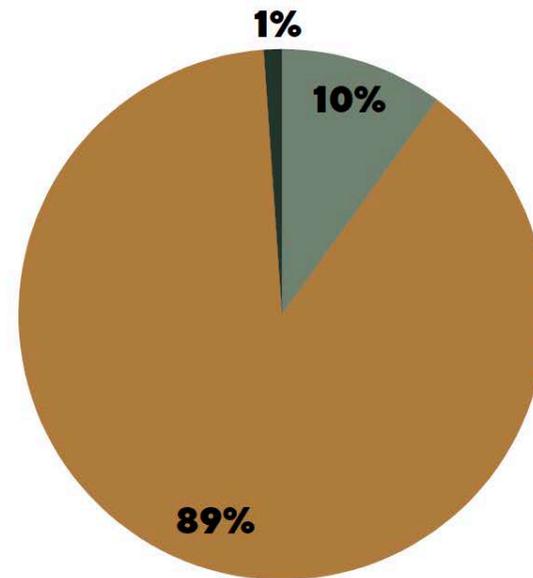
# SALES BY CATEGORIES

Sales distribution by product categories  
(2021 H1)



- Contract manufacturing
- MÁDARA
- MOSSA

Sales distribution by product categories  
(2020 H1)

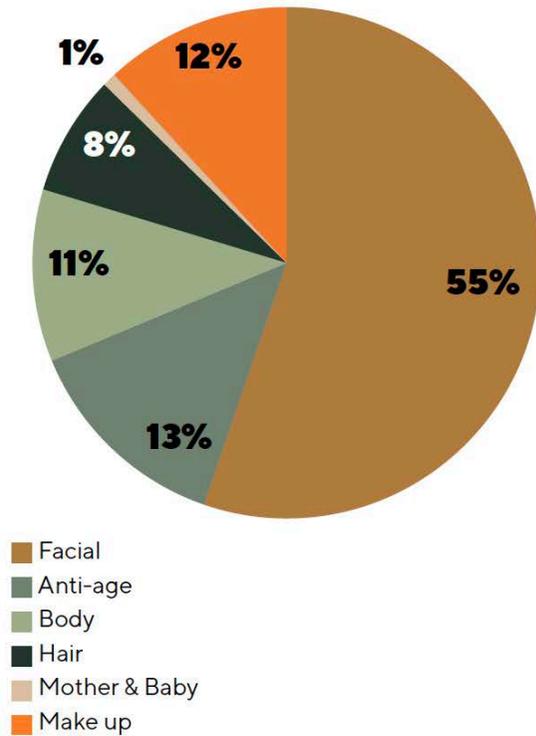


- Contract manufacturing
- MÁDARA
- MOSSA

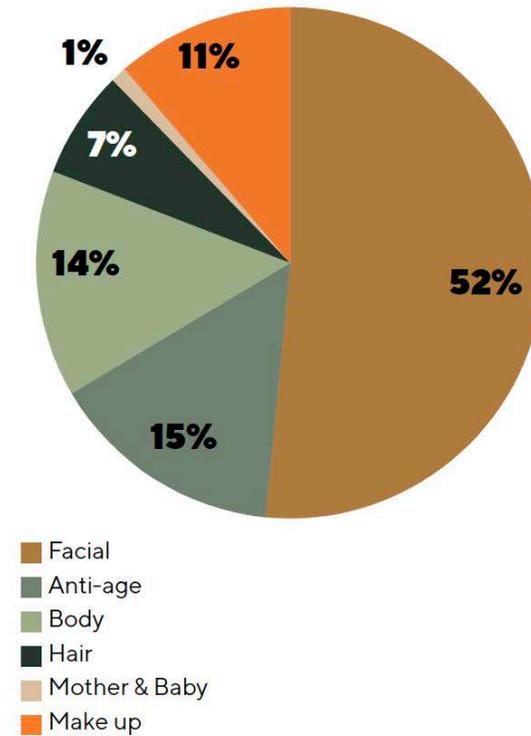


# SALES BY PRODUCT GROUPS

Sales distribution of MÁDARA products by categories (2021 H1)



Sales distribution of MÁDARA products by categories (2020 H1)

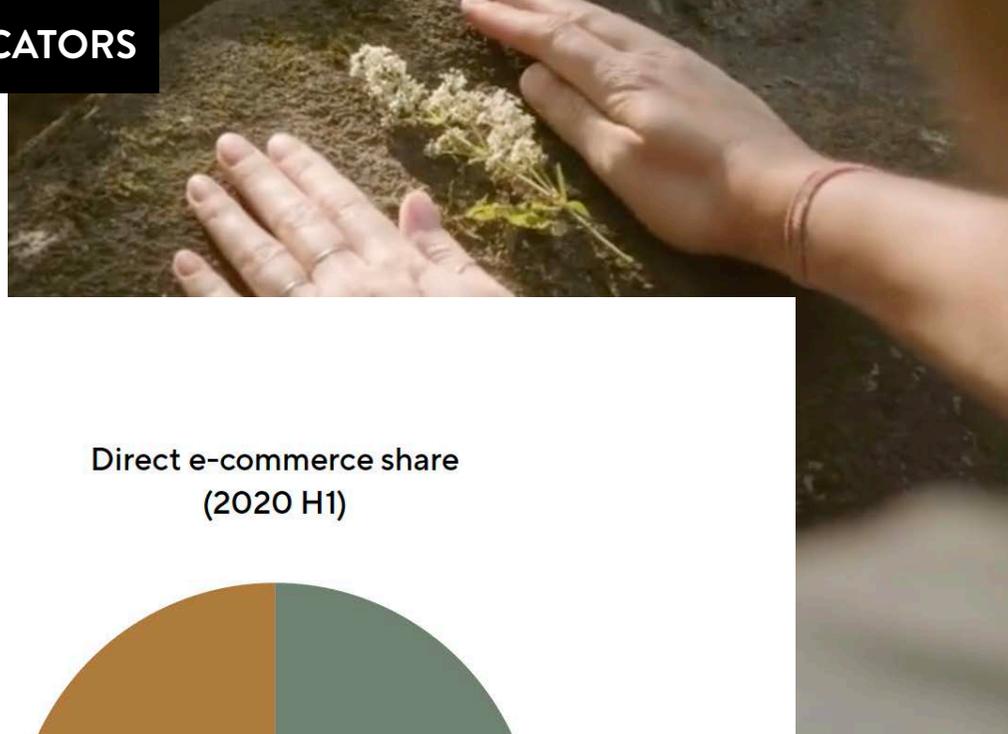


## FINANCIAL OVERVIEW

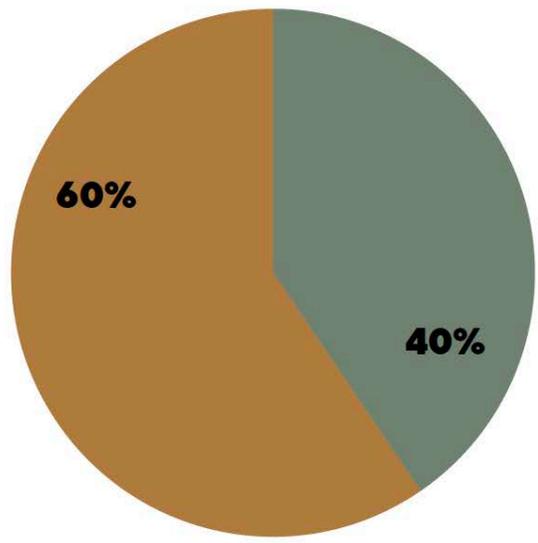
Key ratios and indicators	2021 H1 EUR	2020 H1 EUR
Net turnover	9 911 092	8 217 531
Cost of goods sold	(3 137 299)	(3 040 070)
<b>Gross profit</b>	<b>6 773 793</b>	<b>5 177 461</b>
Depreciation, amortization and write-downs	267 160	348 785
Leasehold improvements write-off expense	43 001	41 914
<b>Operating profit</b>	<b>2 384 145</b>	<b>1 767 684</b>
Interest income	769	47 187
Interest expense	(7 305)	(8 087)
<b>Profit before taxes</b>	<b>2 377 609</b>	<b>1 806 784</b>
<b>Net profit for the period</b>	<b>2 004 285</b>	<b>1 806 784</b>

Turnover target of EUR 27 million in 2023 remains intact.

# E-COMMERCE INDICATORS

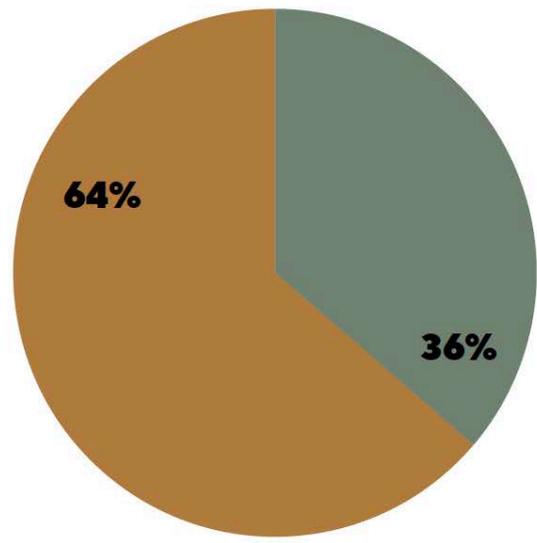


Direct e-commerce share (2021 H1)

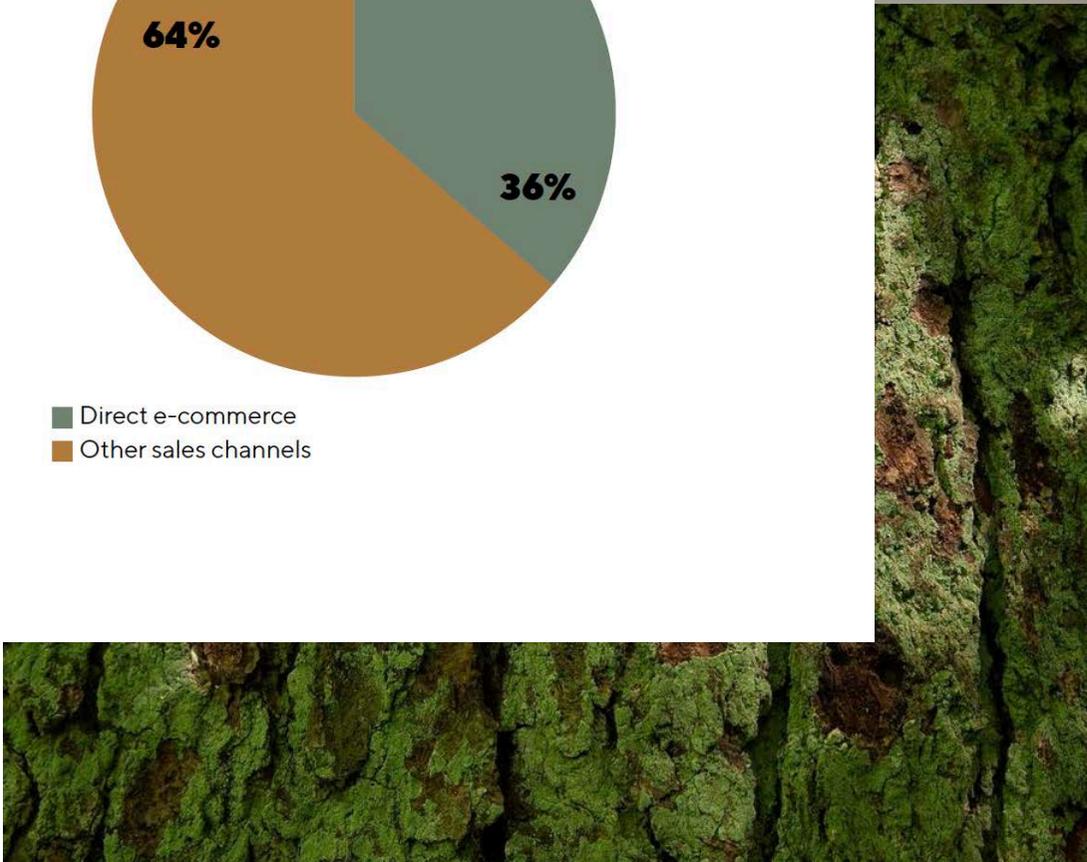


■ Direct e-commerce  
■ Other sales channels

Direct e-commerce share (2020 H1)



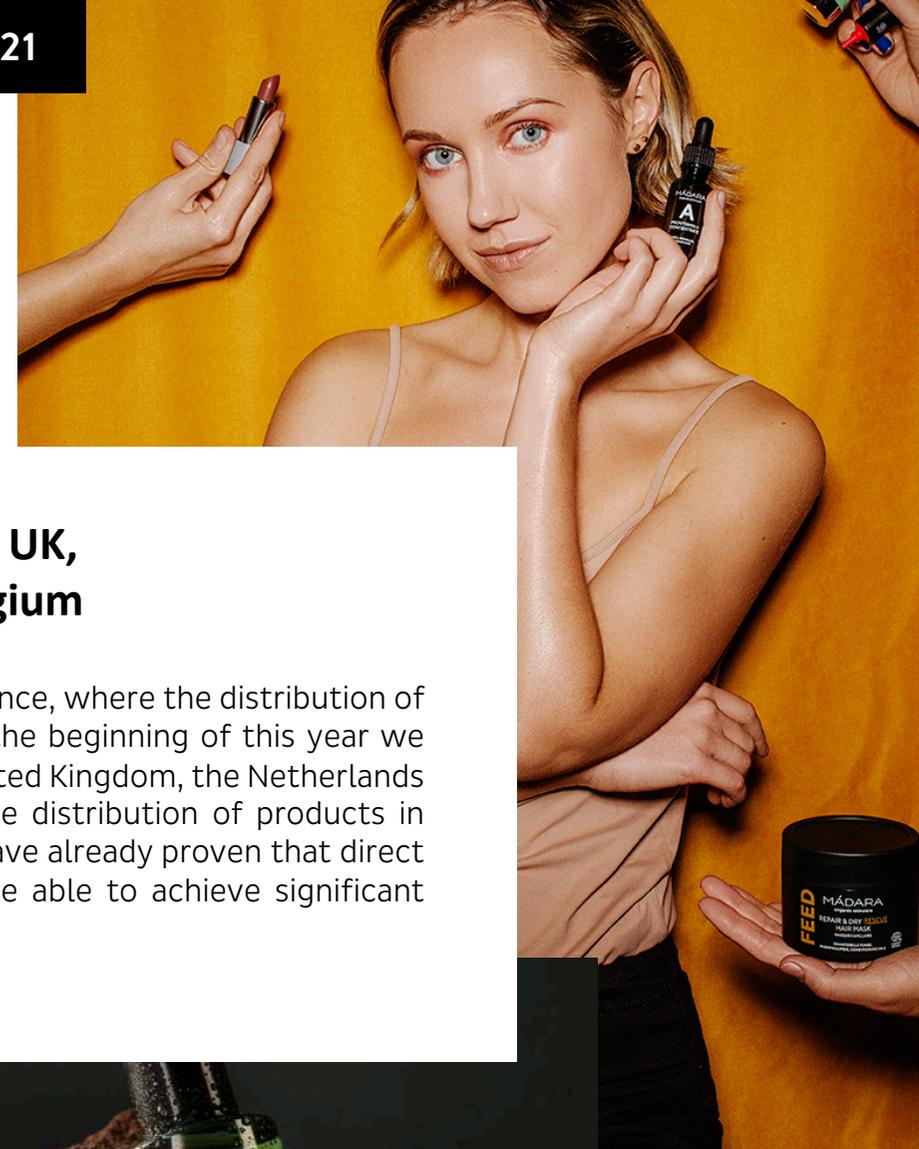
■ Direct e-commerce  
■ Other sales channels



## KEY EVENTS OF H1 2021

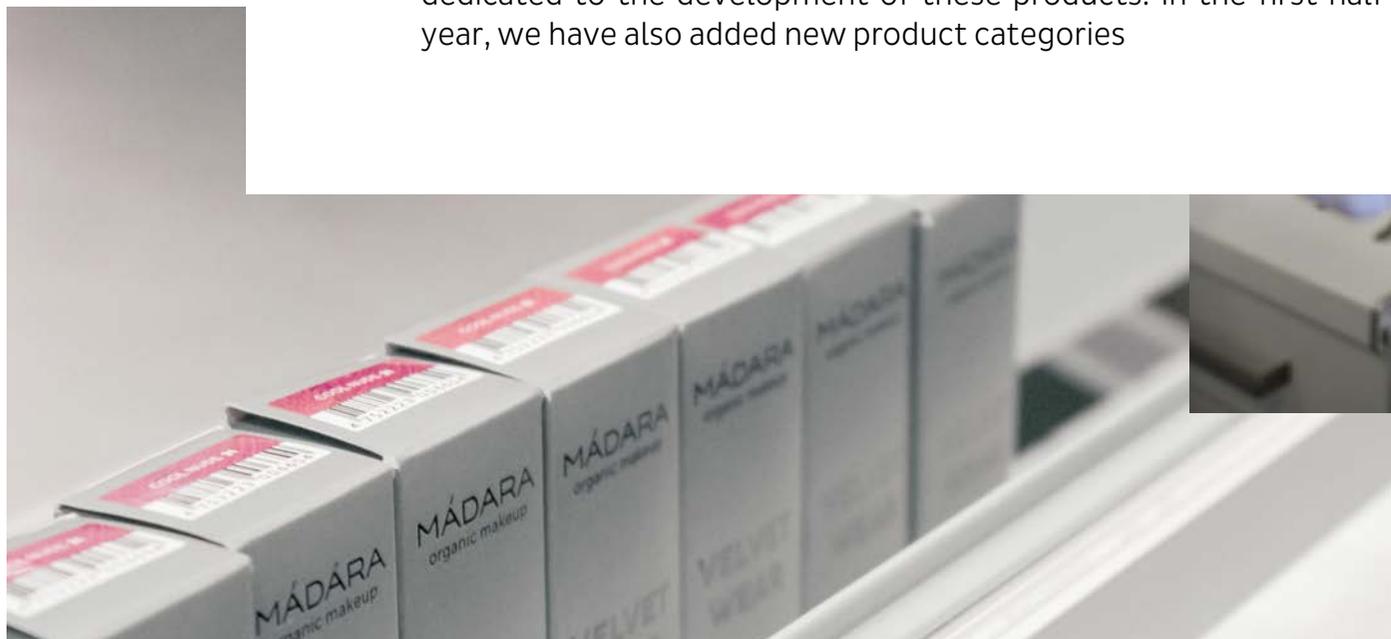
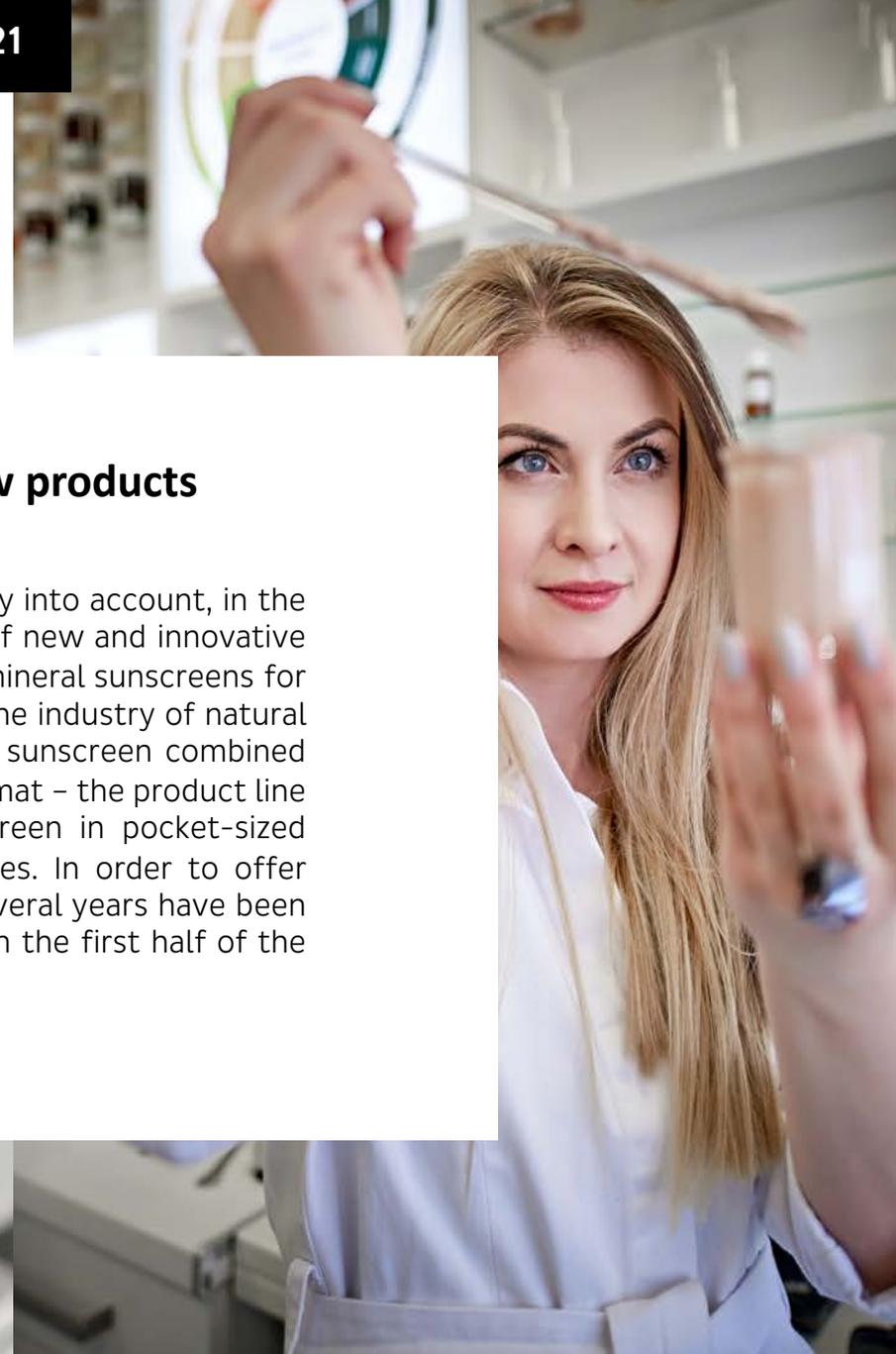
### Direct distribution in the UK, the Netherlands and Belgium

Continuing our successful experience in Germany and France, where the distribution of products is provided by AS MADARA Cosmetics, and at the beginning of this year we have taken over the distribution in the markets of the United Kingdom, the Netherlands and Belgium. Appropriate employee organisation for the distribution of products in these countries is now in place, and the first 6 months have already proven that direct cooperation with retailers is effective. We expect to be able to achieve significant growth in these countries in the coming periods.



### Development and launch of new products

Taking the dynamic nature of the cosmetics industry into account, in the first half of the year we have launched a number of new and innovative products, among which I would like to emphasise mineral sunscreens for the face with SPF50, which have set a new bar in the industry of natural cosmetics. The new formulas offer a high level of sunscreen combined with valuable caring ingredients in a convenient format – the product line offers both the classic emulsion and solid sunscreen in pocket-sized packaging suitable for sports and outdoor activities. In order to offer customers the highest quality and performance, several years have been dedicated to the development of these products. In the first half of the year, we have also added new product categories





### **15<sup>th</sup> anniversary year of the company**

In 2021, MÁDARA brand celebrates its 15<sup>th</sup> birthday, focusing on its roots through various marketing and communication activities, highlighting its unique, specific Latvian identity, as well as reporting on its achievements to date. In response to the tense situation in the world caused by the everyday conditions of the pandemic, in the first half of 2021, the *Surrender to Nature* campaign addressed the issue of mental health, urging the public to seek closeness of nature, both directly and indirectly.



During this period, we have also received several recognitions and product awards, among which the success of *Derma Collagen* should be emphasised with *The Beauty Shortlist 2021* (the UK) award for the best facial serum of the year, and the ranking of *Grow & Fix Lash and Brow Booster* as the No. 1 product on the top product list of the magazine *VOGUE* in this category (the Netherlands).



*"The Best Makeup Brand in Europe 2021."*

- The Beauty Shortlist Awards, UK



Acknowledged by

**marie claire**

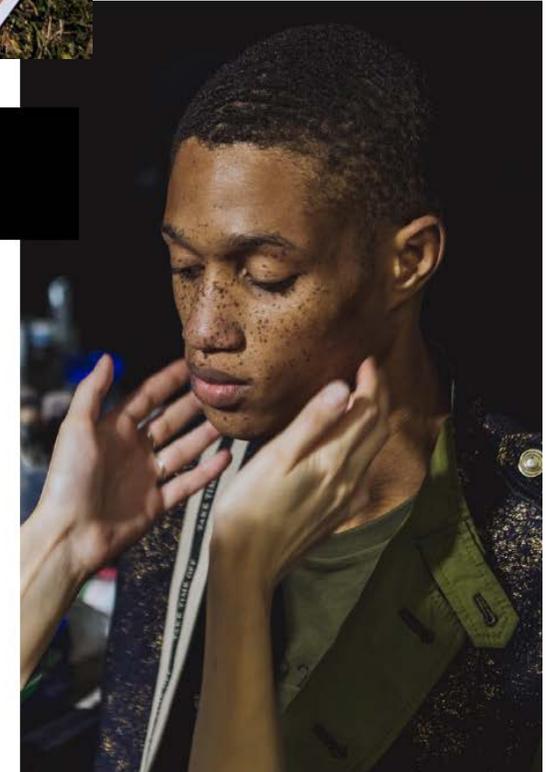
**VOGUE**

**ELLE**

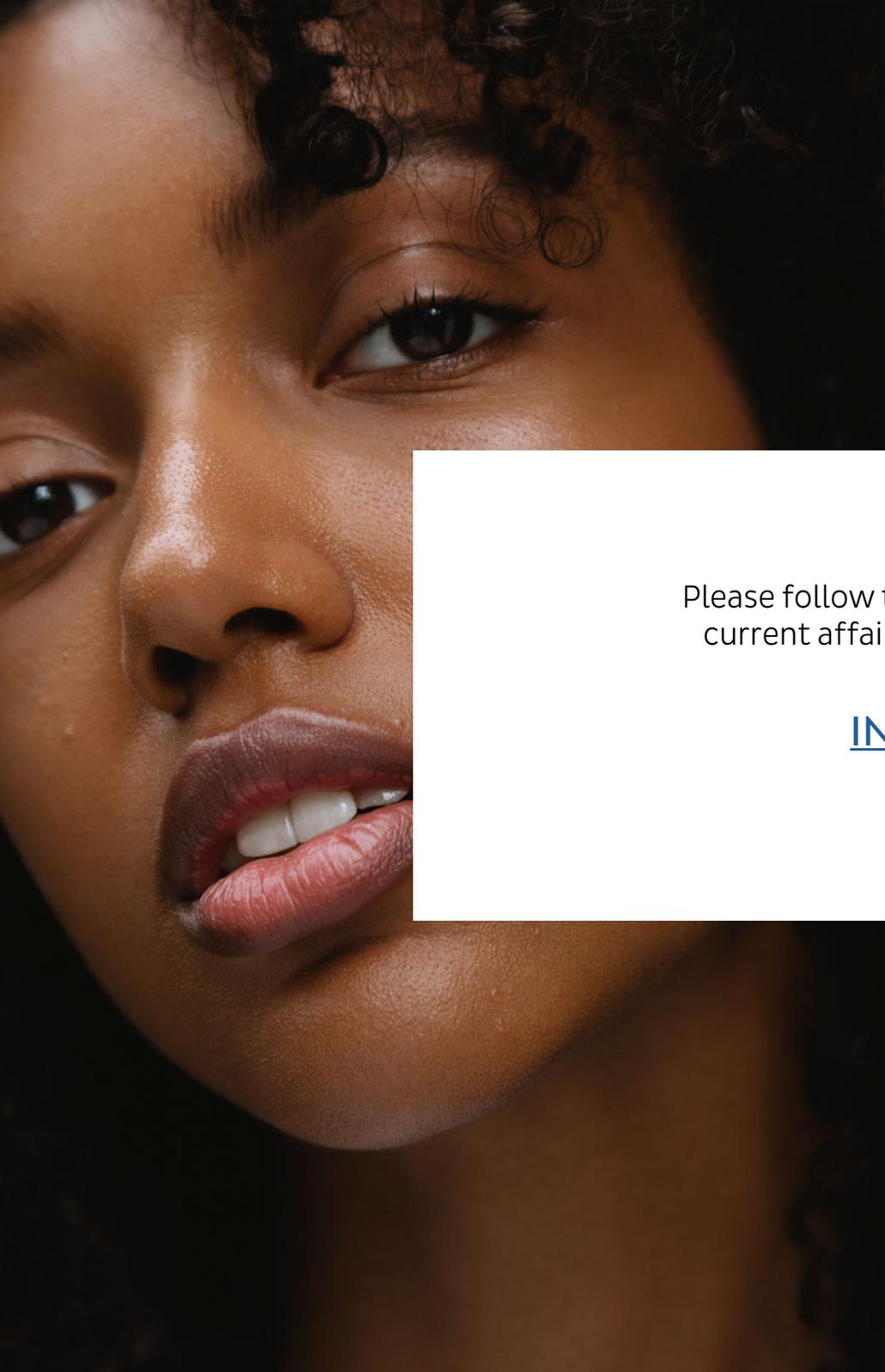
**Esquire**

**BAZAAR**

**Numéro**



The official makeup of **DAWEI** show at **Paris Fashion Week** (2019, 2020) and **ICEBERG** men's show at **Milano Fashion Week** (2020)



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[ESG](#)



A close-up photograph of a woman with reddish-brown hair applying lipstick. She is shown in profile, looking down at her lips. Another woman with dark, curly hair is visible in the background, looking towards the first woman. The scene is set against a neutral, light-colored background.

**THANK YOU!**



**STRUCTURE and FINANCIALS**

# STRUCTURE (I)

## MANAGEMENT



### **LOTTE TISENKOPFA – ILTNERE**

Chairman of management board.  
Responsible for new formulas/  
development.  
Co-operation with scientists.  
A spokesperson for the Co.



### **ULDIS ILTNERIS**

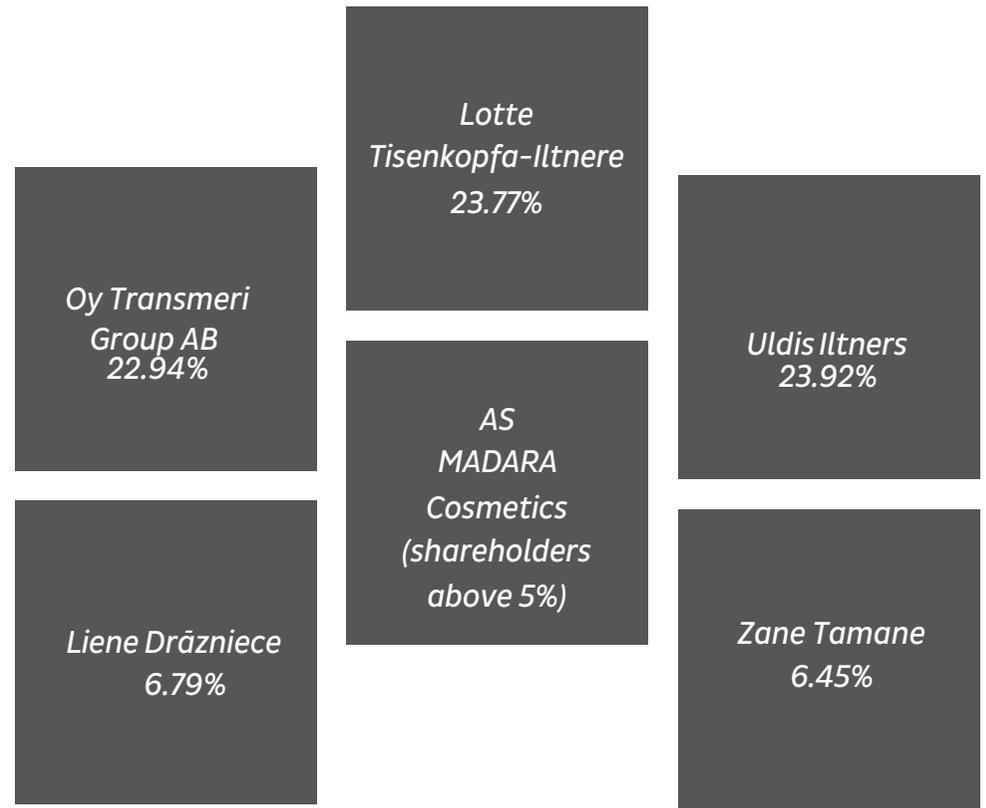
Member of management board.  
Responsible for finances  
and management of Co.



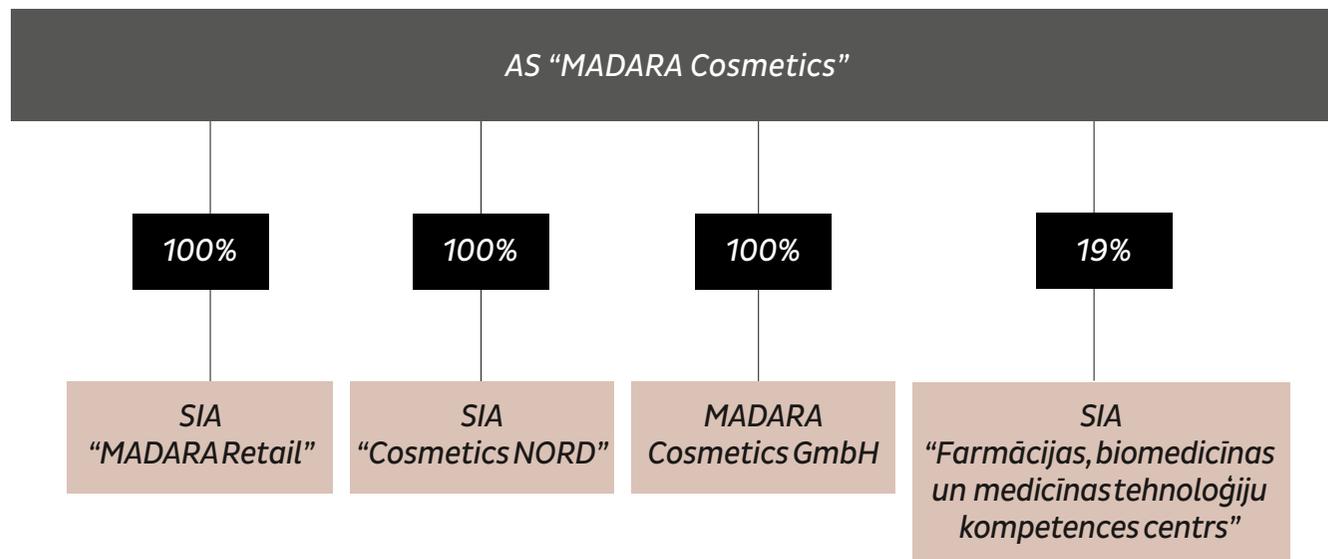
### **TATJANA CORNIJA**

Member of management board.  
Finance director.

## OWNERSHIP



## STRUCTURE (II)



### 100% SUBSIDIARIES:

- ▶ *MADARA Retail, SIA: runs Latvian retail stores*
- ▶ *Cosmetics NORD, SIA: offers contract manufacturing at MADARA Cosmetics, AS facilities*
- ▶ *MADARA Cosmetics, GmbH: Sales and distribution unit for Germany*

### MINORITY SHAREHOLDINGS:

- ▶ *Farmācijas, biomedicīnas un medicīnas tehnoloģiju Kompetences centrs, SIA: Competence centre established jointly with industry experts*

# FINANCIAL OVERVIEW

Key Ratios and Indicators	2021 H1 EUR	2020 H1 EUR
EBITDA (TEUR)	2 694	2 158
<b>Profitability and sustainability ratios</b>		
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11. Net financial debt (TEUR)	(5 881)	(5 421)
12. Net gearing (%)	(45.50)	(47.75)

\* EBITDA = Operating profit + depreciation expense + amortisation expense + leasehold improvements write-off expense

1. Gross profit/Net turnover\*100
2. Operating profit/Net turnover\*100
3. Net profit/Net turnover\*100
4. Trailing 12 Months (TTM) Net Profit/Total equity (average)\*100
5. TTM Operating profit/Total assets (average)\*100
6. Current assets/Current liabilities

7. (Current assets-Inventories)/Current liabilities
8. Current assets-Current liabilities
9. Loans from financial institutions/Total equity
10. Total debt/Total equity
11. Total financial debt-Cash
12. (Total financial debt-Cash)/Total equity\*100

# CONSOLIDATED INCOME STATEMENT

By turnover method

Key ratios and indicators	2021 H1 EUR	2020 H1 EUR
Net turnover	9 911 092	8 217 531
Cost of goods sold	(3 137 299)	(3 040 070)
<b>Gross profit</b>	<b>6 773 793</b>	<b>5 177 461</b>
Depreciation, amortization and write-downs	267 160	348 785
Leasehold improvements write-off expense	43 001	41 914
<b>Operating profit</b>	<b>2 384 145</b>	<b>1 767 684</b>
Interest income	769	47 187
Interest expense	(7 305)	(8 087)
<b>Profit before taxes</b>	<b>2 377 609</b>	<b>1 806 784</b>
<b>Net profit for the period</b>	<b>2 004 285</b>	<b>1 806 784</b>

Please refer to the full set of financials / financial report which can be found here: <https://bit.ly/2WZAwDh>

## CONSOLIDATED BALANCE SHEET

Assets	Note	30.06.2021 EUR (unaudited)	31.12.2020 EUR (audited)
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Development costs		48 235	64 314
Concessions, licences, patents, trade marks and similar rights		516 966	589 267
Prepayments for intangible assets		182 115	12 095
<b>Total intangible assets</b>	<b>10</b>	<b>747 316</b>	<b>665 676</b>
<b>Property, plant and equipment</b>			
Land		213 722	213 722
Leasehold improvements		342 772	378 186
Plant and equipment		1 039 748	1 091 948
Other fixed assets		304 302	333 369
Construction in progress		69 729	31 869
Prepayments for property, plant and equipment		481 274	200 128
<b>Total property, plant and equipment</b>	<b>11</b>	<b>2 451 547</b>	<b>2 249 222</b>
<b>Non-current financial investments</b>			
Other non-current receivables and other receivables	12	68 027	68 027
Other securities and investments		826	826
<b>Total non-current financial investments</b>		<b>68 853</b>	<b>68 853</b>
<b>Total non-current assets</b>		<b>3 267 716</b>	<b>2 983 751</b>

## CONSOLIDATED BALANCE SHEET

Assets	Note	30.06.2021 EUR (unaudited)	31.12.2020 EUR (audited)
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials	13	2 054 906	2 002 631
Finished goods and goods for sale	14	1 584 029	1 671 361
Prepayments for inventories		598 421	549 484
<b>Total inventories</b>		<b>4 237 356</b>	<b>4 223 476</b>
<b>Receivables</b>			
Trade receivables	15	1 643 799	1 208 837
Other receivables	16	28 389	53 082
Accrued revenue		200	34 500
Deferred expenses		70 779	36 808
<b>Total receivables</b>		<b>1 743 167</b>	<b>1 333 227</b>
<b>Cash</b>	<b>17</b>	<b>5 932 186</b>	<b>5 645 859</b>
<b>Total current assets</b>		<b>11 912 709</b>	<b>11 202 562</b>
<b>Total assets</b>		<b>15 180 425</b>	<b>14 186 313</b>

The accompanying notes on pages 24 to 31 are an integral part of these consolidated financial statements.

## CONSOLIDATED BALANCE SHEET

Equity and liabilities	Note	30.06.2021 EUR (unaudited)	31.12.2020 EUR (audited)
<b>Equity</b>			
Share capital	18	376 924	376 924
Share premium		4 023 454	4 023 454
Retained earnings:			
a) prior year retained earnings		6 521 094	4 583 619
b) profit for the period		2 004 285	3 445 172
<b>Total equity</b>		<b>12 925 757</b>	<b>12 429 169</b>

## CONSOLIDATED BALANCE SHEET

Equity and liabilities	Note	30.06.2021 EUR (unaudited)	31.12.2020 EUR (audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other liabilities	19	5 790	26 991
<b>Total non-current liabilities</b>		<b>5 790</b>	<b>26 991</b>
<b>Current liabilities</b>			
Bank borrowings	20	-	5 952
Advances from customers		115 908	76 059
Trade payables		835 219	626 138
Taxes and social insurance contributions	21	607 346	157 405
Other payables	22	273 883	252 504
Accrued liabilities	23	416 522	612 095
<b>Total current liabilities</b>		<b>2 248 878</b>	<b>1 730 153</b>
<b>Total liabilities</b>		<b>2 254 668</b>	<b>1 757 144</b>
<b>Total equity and liabilities</b>		<b>15 180 425</b>	<b>14 186 313</b>

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# CONSOLIDATED CASH FLOW STATEMENT

Indirect method

	Note	1.01.2021 -30.06.2021 (unaudited) EUR	1.01.2020 -30.06.2020 (unaudited) EUR
<b>Cash flow of operating activities</b>			
Profit before taxes		2 377 609	1 806 784
<b>Corrections:</b>			
Depreciation of fixed assets	11	221 225	318 888
Amortisation of intangible assets	10	105 015	87 890
Fixed assets write-downs		18 324	-
Subsidies and grants received		(175 923)	(112 800)
Interest and similar income	8	(769)	(47 183)
Interest and similar expenses	9	7 305	4 583
<b>Profit before adjustments for current assets and current liabilities</b>		<b>2 552 786</b>	<b>2 058 162</b>
<b>Corrections:</b>			
Increase in receivables		(368 390)	(200 894)
(Increase) / decrease in inventories		(13 880)	141 224
Increase in payables and other payables		493 564	480 047
<b>Gross cash flow of operating activities</b>		<b>2 664 080</b>	<b>2 478 539</b>
Interest payments		(7 305)	(4 583)
Income tax payments		(374 824)	-
<b>Net cash flow of operating activities</b>		<b>2 281 951</b>	<b>2 473 956</b>

## CONSOLIDATED CASH FLOW STATEMENT

Indirect method

	Note	1.01.2021 -30.06.2021 (unaudited) EUR	1.01.2020 -30.06.2020 (unaudited) EUR
<b>Investment activities cash flow</b>			
Proceeds from the disposal of other investments		-	950 000
Acquisition of fixed assets and intangible assets		(628 529)	(197 797)
Loans issued		(140 000)	-
Revenue from repayment of loans		140 000	-
Received interest		769	47 183
<b>Investment activities cash flow</b>		<b>(627 760)</b>	<b>799 386</b>
<b>Financing activities cash flow</b>			
Proceeds from subsidies and grants		175 923	68 337
Repaid financial lease liabilities		(30 138)	(29 378)
Dividends paid		(1507 697)	-
Repaid loan	20	(5 952)	(67 572)
<b>Financing activities cash flow</b>		<b>(1 367 864)</b>	<b>(28 613)</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>		<b>286 327</b>	<b>3 244 729</b>
Cash and cash equivalents at the beginning of the reporting period	17	5 645 859	2 329 384
Cash and cash equivalents at the end of the financial period	17	5 932 186	5 574 113

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (EUR)	Share premium (EUR)	Retained earnings (EUR)	Total equity (EUR)
<b>Balance as of 31 December 2019</b>	<b>374 524</b>	<b>4 023 454</b>	<b>5 147 805</b>	<b>9 545 783</b>
Distribution of dividends	-	-	(561 786)	<b>(561 786)</b>
Increase of share capital	2 400	-	(2 400)	-
Profit for the reporting period	-	-	3 445 172	<b>3 445 172</b>
<b>Balance as of 31 December 2020</b>	<b>376 924</b>	<b>4 023 454</b>	<b>8 028 791</b>	<b>12 429 169</b>
Distribution of dividends	-	-	(1 507 697)	<b>(1 507 697)</b>
Profit for the reporting period	-	-	2 004 285	<b>2 004 285</b>
<b>Balance as of 30 June 2021 (unaudited)</b>	<b>376 924</b>	<b>4 023 454</b>	<b>8 525 379</b>	<b>12 925 757</b>

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