

MÁDARA

organic skincare

**AS MADARA COSMETICS
2024 SEPARATE AND CONSOLIDATED
ANNUAL REPORT, PREPARED IN ACCORDANCE
WITH LATVIAN STATUTORY REQUIREMENTS AND
INDEPENDENT AUDITORS' REPORT***



** This version of separate and consolidated financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.*

MARUPE, 2025



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GENERAL INFORMATION
ABOUT THE GROUP

Name of the Group	MADARA Cosmetics AS
Legal Status of the Parent Company	Joint stock Company
Registration number of the Parent Company	No 40003844254
Registration place and date	Riga, 28 July 2006
Parent Company's legal address	Zeltinu Street 131, Marupe, Marupe district, LV-2167, Latvia
Shareholders (above 5 %)	Uldis Iltners – owns 23.84 % of shares (31.12.2024: 23,86 %) Lote Tisenkopfa - Iltnere – owns 23,68 % of shares (31.12.2024: 23,70 %) Oy Transmeri Group Ab – owns 22,86 % of shares (31.12.2024: 22,87 %) Liene Drāzniece – owns 6,76 % of shares (31.12.2024: 6,76 %) Zane Tamane – owns 6,19 % of shares (31.12.2024: 6,19 %)
Type of operations and NACE code	Manufacture of perfumes and cosmetic preparations 20.42 Wholesale of perfume and cosmetics 46.45 Retail sale of cosmetic and related articles in specialized stores 47.75 Retail sale via mail order houses or via Internet 47.91
Board of the Parent Company	Lote Tisenkopfa - Iltnere – Chairman of the Board Uldis Iltners – Member of the Board Tatjana Nagle – Member of the Board Gunta Šulte – Member of the Board
Council of the Parent Company	Anna Ramata Stunda – Chairman of the Council Liene Drāzniece – Deputy Chairman of the Council Anna Andersone – Member of the Council Edgars Pētersons – Member of the Council Sari Hannele Rosin – Member of the Council (until 28 Nov 2024)*
Reporting period	From 1.1.2024 to 31.12.2024
Previous reporting period	From 1.1.2023 to 31.12.2023
Subsidiaries of the Group	Madara Retail SIA, reg. No 40103212103 – 100% MADARA Cosmetics Inc., reg. No. 37-2087771 – 100% Madara Cosmetics LTD, reg. No. 15967488 – 100% MADARA Cosmetics GmbH, reg. No. HRB 177689 – 100% Brand Lab Cosmetics SIA, reg. No. 40203612673 – 100%
Independent auditor and its address	Deloitte Audits Latvia SIA Reg. No 40003606960 License No 43 Republikas laukums 2A, Riga, LV-1010, Latvia
Certified Auditor	Inguna Staša LR Certified Auditor Certificate No 145

*Pursuant to the statement made by the Member of Council regarding their resignation from the position. The change in the Company register will be effected in accordance with the outcome of the Council re-election, which is scheduled to take place at the shareholders' meeting on 20 June 2025.


STATEMENT OF MANAGEMENT
RESPONSIBILITIES

The Board of MADARA Cosmetics AS (hereinafter – “Parent Company” or “Company”) is responsible for the preparation of the separate and consolidated financial statements of the Parent Company and its subsidiaries (hereinafter – the Group).


The separate and consolidated financial statements are prepared in accordance with the accounting records and source documents and present fairly the financial position of the Parent Company and the Group as of 31 December 2024 and the results of its operations and cash flows for the year 2024.

Separate and the consolidated financial statements have been prepared in accordance with the law “On the Annual Reports and Consolidated Annual Reports”. Appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements and estimates have been made by the Board in the preparation of these financial statements.


The Board of the Parent Company is also responsible for maintaining proper accounting records, internal control system, for taking reasonable steps to safeguard the assets of the Parent Company and the Group, and to prevent and detect fraud and other unfair practices and inaccuracies.



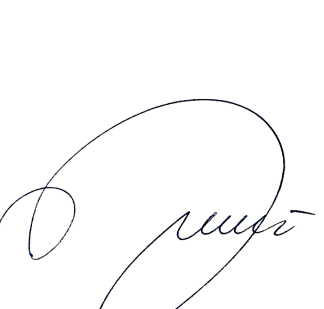
Lote Tisenkopfa - Iltnere
Chairman of the Board



Tatjana Nagle
Member of the Board



Uldis Iltners
Member of the Board



Gunta Šulte
Member of the Board

MANAGEMENT REPORT

During the reporting year, the MADARA Cosmetics Group consisted of the Parent Company MADARA Cosmetics AS and its subsidiaries: MADARA Retail SIA, Brand Lab Cosmetics SIA, MADARA Cosmetics GmbH (Germany), MADARA Cosmetics Inc. (USA), Madara Cosmetics LTD (the United Kingdom), Cosmetics NORD SIA (until 30.06.2024), and NORD Beauty SIA (until 30.06.2024), which is a subsidiary of Cosmetics NORD SIA.

MADARA Cosmetics AS is the largest cosmetics producer in Latvia and one of the leading natural cosmetics manufacturers in the Baltics and Nordic region. The Group's products are exported to more than 30 countries, mainly European Union countries. The Group's main business is the production of natural Ecocert/Cosmos certified skincare and makeup products under the brands “MÁDARA” and “MOSSA” (from 1 May 2024 as a contract manufacturing brand), as well as providing contract manufacturing services.

The Group's Parent Company operates in a leased office and production plant on Zeltinu Street 131 in Marupe, one of the region's most advanced and capacity-wise largest cosmetics production plants. In addition, the Parent Company uses leased office premises on Baložu Street 20A, Riga.

In 2024, the Group took significant steps to refine its business strategy, including the divestment of the MOSSA and SELFNAME.COM brands, along with its participation shares in Cosmetics NORD SIA. On 30 April 2024, MADARA Cosmetics AS signed a binding agreement with Finnish cosmetics distributor Oy Transmeri Ab for EUR 4 million, transferring the MOSSA brand assets while continuing production through contract manufacturing. Furthermore, on 1 July 2024, a contract was signed for the sale of 100% participation shares in Cosmetics NORD SIA. These strategic initiatives enabled the Group to focus more effectively on its core brand MÁDARA while ensuring sustained production capabilities and fostering innovation through newly established partnerships.

In 2024 the Group achieved revenue of EUR 21.52 million, reflecting an 11% increase compared to the previous year's like-for-like figures (Group's adjusted revenue)¹ or a 6.4% growth compared to the previous year. Profit

before corporate income tax amounted to EUR 6 million, while net profit after tax was EUR 5.46 million. These results were significantly influenced by the divestment of the MOSSA brand and sale of Cosmetics NORD SIA (SELFNAME.COM). Although transitioning to a contract manufacturing model had a short-term negative impact on revenue growth, the sales proceeds from these transactions increased the Group's overall profitability. Group's earnings per share for 2024 amounted to EUR 1.44 (3 782 984 total shares as of the financial statements approval date).

In 2024, the Group has launched 14 new MÁDARA skincare and makeup products, as well as new shades for existing MÁDARA makeup products. The Retinol Alternative line, introduced in 2023, was expanded with a day cream, night cream, and eye cream. To enhance the MÁDARA makeup range, additional SKINONYM foundation shades were introduced to appeal to a broader market audience. A new makeup product category was added—talc-free pressed powders and blushes—positively contributing to the segment's growth and reaffirming MÁDARA's commitment to offering high-performance and organic, clean formulations. The year also saw the long-anticipated expansion into the men's skincare segment with the launch of the HIS product line. The revenue from new products in 2024 exceeded EUR 950 thousand.

The Group's non-current investments in 2024 totaled EUR 782 thousand, including EUR 377 thousand invested in the MÁDARA brand website and over EUR 90 thousand in technological equipment.

The Group continued to attract additional financing for strategically important projects. Total research and development expenses for the 2024 reporting year amounted to EUR 207 thousand, of which approximately EUR 90 thousand was received as co-financing support from the Pharmaceutical, Biomedical, and Medical Technology Competence Center (Farmācijas, biomedicīnas un medicīnas tehnoloģiju kompetences centrs). The average number of employees engaged in these projects was 13. Additionally, the Group received the remaining EUR 60 thousand in co-financing from the Norwegian Financial Instrument Program Activity “Green Innovations and the Introduction of Information and Communication Technology Products into Production”.

¹ Considering the transactions related to MOSSA and SELFNAME.COM (COSMETICS Nord SIA), the revenue of SELFNAME.COM has been excluded from the consolidated revenue figures of MADARA Cosmetics AS for the second half of 2023. Additionally, the sales volumes of MOSSA have been recalculated from 1 May 2023, onwards, based on the new contract manufacturing prices. This recalculation reflects the new business structure established in 2024, ensuring comparable data across periods.

MANAGEMENT REPORT
(continued)

Furthermore, the Parent Company participated in the ECSEL joint project “Intelligent Motion Control,” receiving EUR 32 thousand in co-financing. In 2024, the Group received EUR 230 thousand in co-financing from government and EU sources to support the achievement of its development project objectives.

In 2024, MADARA Cosmetics AS created 6 new positions to strengthen its team and support its strategic objectives. The Group's financial risk management policy is disclosed in Note 33 to these financial statements.

MADARA Retail SIA (hereinafter – MADARA Retail SIA or the Subsidiary), responsible for the retail sale operations of the MÁDARA brand in shopping centers “Galerija Centrs,” “Spice,” “AKROPOLE Alfa,” and “Galleria Riga” in Riga, achieved net revenue of EUR 1.06 million in 2024, representing a EUR 62.2 thousand (6.2%) increase compared to the previous year. However, the Subsidiary closed the reporting year with a loss of EUR 70 thousand, compared to a profit of EUR 17.7 thousand in 2023. The increased costs and profitability decline were primarily attributable to strategic investments in human resources aimed at enhancing sales performance, improving work efficiency, and ensuring long-term customer service quality.

MADARA Cosmetics GmbH provides cosmetics sales services in Germany and organizes the distribution of products manufactured by the Parent Company on the German market.

The US subsidiary, MADARA Cosmetics Inc., established in 2023, is engaged in operating activities – online cosmetics retail. Product sales in online e-commerce channel began in the second half of 2024. In the UK, MADARA Cosmetics LTD was founded in 2024 to initiate product sales via the TikTok e-commerce channel. Additionally, the subsidiary Brand Lab Cosmetics SIA was established to engage in the production of perfumes and body care products.

The production capacity of the Parent Company remains sufficient to support anticipated growth.

The Group's priorities for the next reporting year remain unchanged: fostering innovation, expanding presence across various markets and sales channels, and continuing to build stable and sustainable growth.

Since the end of the reporting year, no significant events have occurred that would require adjustment in the 2024 financial statements or reassessment of the Group's assets, liabilities, financial position, or financial results.

The Management Board of the Parent Company proposes to distribute part of 2024 year's profit into dividends – EUR 3 480 345.28, or EUR 0.92 per share (3,782,984 number of shares as of the date of approval of the financial statements). The remaining profit will be transferred to retained earnings for future development.



Lote Tisenkopfa - Iltner
Chairman of the Board



Tatjana Nagle
Member of the Board



Uldis Iltner
Member of the Board



Gunta Šulte
Member of the Board

STATEMENT OF PROFIT AND LOSS

	Note	Group 2024 / EUR	Group 2023 / EUR *reclassified	Company 2024 / EUR	Company 2023 / EUR *reclassified
Revenue	2	21 521 854	20 234 218	20 505 076	18 940 466
Cost of goods sold	3	(7 462 278)	(6 886 013)	(7 715 245)	(6 796 326)
Gross profit		14 059 576	13 348 205	12 789 831	12 144 140
Selling expenses	4	(10 433 152)	(9 118 938)	(9 540 250)	(8 154 022)
Administration expenses	5	(2 491 794)	(2 199 268)	(2 211 960)	(1 891 647)
Other operating income	6	4 900 563	236 236	4 732 256	239 729
Other operating expenses	7	(246 388)	(301 325)	(227 755)	(278 135)
Interest and similar income	8	219 136	12 229	218 091	12 217
Interest and similar expenses	9	(18 304)	(43 988)	(17 221)	(42 784)
Profit before corporate income tax		5 989 637	1 933 151	5 742 992	2 029 498
Corporate income tax for the reporting year	10	(553 342)	(335 772)	(553 283)	(335 159)
Profit after corporate income tax		5 436 295	1 597 379	5 189 709	1 694 339
Profit for the year		5 436 295	1 597 379	5 189 709	1 694 339

*See Note 1 to the financial statements.
The accompanying notes on pages 13 to 34 are an integral part of these financial statements.

BALANCE SHEET

Assets	Note	Group 31.12.2024. EUR	Group 31.12.2023. EUR	Company 31.12.2024. EUR	Company 31.12.2023. EUR
Non-current assets					
Intangible assets					
Concessions, patents, licenses, trademarks and similar rights		1 047 237	1 337 192	1 047 237	1 072 495
Other intangible assets		15 127	21 386	15 127	21 386
Prepayments for intangible assets		-	12 570	-	12 570
Total intangible assets	12	1 062 364	1 371 148	1 062 364	1 106 451
Property, plant and equipment					
Land		468 722	468 722	468 722	468 722
Leasehold improvements		306 636	400 724	208 222	275 022
Technological equipment and machinery		1 671 261	2 077 800	1 671 261	1 948 981
Other fixed assets		309 349	416 081	280 523	387 251
Construction in progress		83 154	40 758	83 154	38 739
Prepayments for property, plant and equipment		15 502	24 569	15 502	21 786
Total property, plant and equipement	13	2 854 624	3 428 654	2 727 384	3 140 501
Non-current financial investments					
Investments in subsidiaries	14	-	-	310 684	18 156
Other non-current receivables	15	101 949	96 728	61 915	40 000
Other securities and investments		691	826	691	826
Total non-current financial investments		102 640	97 554	373 290	58 982
Total non-current assets		4 019 628	4 897 356	4 163 038	4 305 934
Current assets					
Inventories					
Raw materials, materials and consumables	16	3 049 331	2 435 579	3 049 331	2 434 869
Finished goods and goods for sale	17	1 555 598	1 762 900	1 333 776	1 574 011
Prepayments for inventories		240 820	282 168	240 820	282 168
Total inventories		4 845 749	4 480 647	4 623 927	4 291 048
Receivables					
Trade receivables	18	1 801 457	1 677 087	1 800 509	1 534 628
Trade receivables from subsidiaries	19	-	-	473 122	1 752 058
Other receivables	20	73 025	136 590	63 583	116 818
Accrued revenue		53 630	12 057	53 630	12 057
Deferred expenses		103 567	133 975	98 128	121 515
Total receivables		2 031 679	1 959 709	2 488 972	3 537 076
Long-term financial investments					
Other loans	11	690 000	-	714 049	-
Cash and cash equivalents	21	8 601 020	5 486 715	8 157 612	4 546 407
Total current assets		16 168 448	11 927 071	15 984 560	12 374 531
Total assets		20 188 076	16 824 427	20 147 598	16 680 465

The accompanying notes on pages 13 to 34 are an integral part of these financial statements.

BALANCE SHEET

Equity and liabilities	Note	Group 31.12.2024. EUR	Group 31.12.2023. EUR	Company 31.12.2024. EUR	Company 31.12.2023. EUR
Equity					
Share capital	22	378 044	377 658	378 044	377 658
Share premium		4 023 455	4 023 455	4 023 455	4 023 455
Foreign currency revaluation reserve		205	-	-	-
Retained earnings:					
a) prior year retained earnings		7 509 947	8 103 370	7 581 092	8 077 554
b) profit for the year		5 436 295	1 597 379	5 189 709	1 694 339
Total equity		17 347 946	14 101 862	17 172 300	14 173 006
Liabilities					
Non-curent liabilities					
Deferred revenue	25	279 154	281 374	279 154	281 374
Total non-current liabilities		279 154	281 374	279 154	281 374
Current liabilities					
Advances from customers		109 123	173 995	109 123	79 616
Trade payables		666 220	742 509	652 230	687 460
Trade payables to subsidiaries		-	-	-	95 267
Taxes and mandatory state social insurance contributions	23	508 268	477 446	494 235	422 373
Other liabilities	24	278 312	286 228	249 508	238 357
Deferred revenue	25	72 075	54 084	72 075	54 084
Accrued liabilities	26	926 978	706 929	1 118 973	648 928
Total current liabilities		2 560 976	2 441 191	2 696 144	2 226 085
Total liabilities		2 840 130	2 722 565	2 975 298	2 507 459
Total equity and liabilities		20 188 076	16 824 427	20 147 598	16 680 465

The accompanying notes on pages 13 to 34 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
Cash flow from operating activities					
Profit before corporate income tax		5 989 637	1 933 151	5 742 992	2 029 498
Adjustments for:					
Depreciation of property, plant and equipment	13	595 819	530 974	545 545	486 203
Amortisation of intangible assets	12	496 006	410 107	448 042	349 373
Net loss/(gain) on disposal of property, plant and equipment	6, 7	976	(7 438)	(9 135)	(7 438)
Net profit on disposal of intangible assets	6	(3 993 704)	-	(3 993 706)	-
Net gain on investments in subsidiaries	6	(578 740)	-	(197 172)	-
Foreign currency revaluation reserve		205	-	-	-
Government and the EU institutions co-financing	6	(230 298)	(145 005)	(230 298)	(145 005)
Other interest and similar income	8	(219 136)	(12 229)	(218 091)	(12 217)
Profit before adjustments for current assets and current liabilities		2 060 765	2 709 560	2 088 177	2 700 414
Adjustments for:					
(Increase)/decrease in receivables		(183 557)	(339 521)	82 710	(738 405)
Increase in inventories		(696 356)	(240 715)	(332 879)	(173 070)
Increase in payables and other payables		757 803	87 450	472 685	23 805
Gross cash flow from operating activities		1 938 655	2 216 774	2 310 693	1 812 744
Corporate income tax paid		(557 635)	(330 879)	(557 576)	(330 266)
Net cash flow from operating activities		1 381 020	1 885 895	1 753 117	1 482 478
Cash flow from/(used in) investment activities					
Proceeds from sale of other investments	6	135	-	135	-
Proceeds from sale of shares in subsidiaries	6	200 000	-	200 000	-
Acquisition of shares in subsidiaries	14	-	-	(295 356)	-
Payments for property, plant and equipment and intangible assets	12, 13	(782 344)	(1 380 804)	(588 005)	(1 073 096)
Proceeds from sale of the property, plant and equipment	6, 7	44 463	-	54 463	-
Proceeds from sale of intangible assets	6	4 000 000	7 438	4 000 000	7 438
Loans issued	11	(14 097)	(13 992)	(24 049)	-
Loans repaid		300 000		300 000	-
Interest received		209 271	12 217	208 226	12 217
Net cash flow from/(used in) investing activities		3 957 428	(1 375 141)	3 855 414	(1 053 441)
Cash flows used in financing activities					
Proceeds from government and the EU institution co-financing	25	193 089	346 297	193 089	346 297
Dividends paid		(2 190 415)	(1 321 220)	(2 190 415)	(1 321 220)
Net cash flow used in financing activities		(1 997 326)	(974 923)	(1 997 326)	(974 923)
Net increase/(decrease) in cash and cash equivalents		3 341 122	(464 169)	3 611 205	(545 886)
Cash transferred as the result of disposed subsidiary	6	(226 817)	-	-	-
Cash and cash equivalents at the beginning of the reporting year	21	5 486 715	5 950 884	4 546 407	5 092 293
Cash and cash equivalents at the end of the reporting year	21	8 601 020	5 486 715	8 157 612	4 546 407

The accompanying notes on pages 13 to 34 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Group	Share capital EUR	Share premium EUR	Retained earnings EUR	Foreign currency revaluation reserve EUR	Total equity EUR
Balance as of 31.12.2022.	377 391	4 023 455	9 424 857	-	13 825 703
Distribution of dividends	-	-	(1 321 220)	-	(1 321 220)
Increase in share capital	267	-	(267)	-	-
Profit for the reporting year	-	-	1 597 379	-	1 597 379
Balance as of 31.12.2023.	377 658	4 023 455	9 700 749	-	14 101 862
Distribution of dividends	-	-	(2 190 415)	-	(2 190 415)
Increase in share capital	386	-	(386)	-	(0)
Profit for the reporting year	-	-	5 436 295	-	5 436 295
Foreign currency revaluation reserve	-	-	-	205	205
Balance as of 31.12.2024.	378 044	4 023 455	12 946 242	205	17 347 946

Company	Share capital EUR	Share premium EUR	Retained earnings EUR	Total equity EUR
Balance as of 31.12.2022.	377 391	4 023 455	9 399 041	13 799 887
Distribution of dividends	-	-	(1 321 220)	(1 321 220)
Increase in share capital	267	-	(267)	-
Profit for the reporting year	-	-	1 694 339	1 694 339
Balance as of 31.12.2023.	377 658	4 023 455	9 771 893	14 173 006
Distribution of dividends	-	-	(2 190 415)	(2 190 415)
Increase in share capital	386	-	(386)	-
Profit for the reporting year	-	-	5 189 709	5 189 709
Balance as of 31.12.2024.	378 044	4 023 455	12 770 801	17 172 300

The accompanying notes on pages 13 to 34 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(1) STATEMENT OF ACCOUNTING POLICIES – GENERAL PRINCIPLES

Basis of preparation

The annual Report has been prepared in accordance with the Laws of the Republic of Latvia on *Accounting* and on *Annual Reports and Consolidated Annual Reports*. The statement of profit and loss is prepared based on function of expense method and statement of cash flows is prepared using the indirect method. These are consolidated and separate financial statements of the Company.

Principal accounting policies adopted

The Annual Report has been prepared in accordance with the following policies:

- a) Going concern assumption, the Parent Company and Group will continue as a going concern.
- b) Evaluation principles are consistent with the prior year.
- c) Items have been valued in accordance with the principle of prudence:
 - The Annual Report reflects only the profit generated till the date of the balance sheet;
 - All incurred liabilities and current or prior year losses have been taken into consideration even if discovered within the period after the balance sheet date;
 - All impairments and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit.
- d) Revenue and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses have been matched with revenues for the reporting period.
- e) Asset and liability items have been valued separately.
- f) The opening balance sheet of the current reporting year corresponds to the closing balance sheet of the previous year.

- g) All accounts, which significantly affect the evaluation and decision-making of the annual report users, have been disclosed. Insignificant items have been combined and the details disclosed in the Notes.
- h) Business transactions are recorded in the annual report taking into account their economic content and substance, not merely the legal form.

Consolidation principles

Subsidiaries, in which the Group has direct or indirect control over operating activities, are consolidated. Control is obtained if the Group has an ability to influence the financial and management matters in a subsidiary, thereby benefiting from it. The control is obtained if the Group is entitled to influence the financial and operating policies applied in a subsidiary, as well as to benefit from its transactions. The consolidation of subsidiaries is based on a cost or acquisition method. The subsidiaries of the Group are consolidated from the moment when the Group has taken over control and the consolidation is discontinued with the disinvestment of the Group's subsidiary. The financial statements of subsidiaries are consolidated in the Group's financial statements, combining the respective assets, liabilities, profit and loss items. All transactions between the Group companies, settlements and unrealised profit or loss from transactions are eliminated. If necessary, the accounting policies of the Group's subsidiaries have been changed to the Group's accounting policies to ensure compliance with the accounting and measurement methods used by the Group.

Companies included in consolidation

All companies in which MADARA Cosmetics AS is the Group's Parent Company directly or through the subsidiary's intermediation are included in the 2024 consolidation.

Name of the Company	Country	Group's ownership as of 31 December 2024	Group's ownership as of 31 December 2023
MADARA Retail SIA	Latvia	100%	100%
Cosmetics NORD SIA	Latvia	0% (until 30 June 2024: 100%)	100%
NORD Beauty SIA	Latvia	0% (Until 30 June 2024: 100%)	100%
MADARA Cosmetics GmbH	Germany	100%	100%
Madara Cosmetics LTD	United Kingdom	100%	0%
Brand Lab Cosmetics SIA	Latvia	100%	0%
MADARA Cosmetics Inc.	United States of America	100%	100%

The reporting period

The reporting year covers the period from 1 January 2024 to December 31, 2024.

Foreign currency transactions

These financial statements are presented in the currency of the European Union, the euro (hereinafter – EUR), which is the Group's functional and presentational currency.

All transactions denominated in foreign currencies are translated into EUR at the exchange rate set by the European Central Bank on the transaction day. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate set by the European Central Bank on 31 December.

Gain or loss resulting from the exchange rate fluctuations is recognised in the corresponding period's statement of profit and loss. As of end of the reporting year, the Group has no significant assets and liabilities denominated in foreign currencies.

Investments in subsidiaries and associated companies and other financial investments

Investments in subsidiaries (i.e. where the Company owns more than 50% of share capital or otherwise controls the investee Company) are measured initially at cost. The control is the power to govern the financial and operating policies of the investee Company.

Associated companies are entities over which the Company has significant influence but not control, generally between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the other Company but it is not control or joint control over those policies. Investments in associates are initially measured at cost.

Other financial investments are investments in the share capital of other companies in the amount not exceeding 20% of the Company's share capital.

Subsequent to initial recognition, all investments are stated at historical cost less any accumulated impairment losses. The carrying amounts of investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised in the profit and loss statement.

In the consolidated balance sheet, when initially including the investment in the associate's capital, it is valued as the amount consisting of the purchase value of the associate's shares or stakes and the increase or decrease in the value of this investment during the period from the acquisition date or from the date the Company became an associate, if the shares or stakes of the associate were purchased on different dates, until the balance sheet date of the consolidated

financial statements. The increase or decrease in value is calculated based on the associate's annual financial statements, in proportion to the share of invested capital (in percentage) in the associate's equity (equity method).

Inclusion of an associate in the consolidated financial statements

(1) Where a consolidated entity has an associate, it shall be presented in the consolidated balance sheet under 'Equity interests in associates'.

(2) On initial recognition in the consolidated balance sheet, an interest in an associate shall be measured as the sum of the acquisition value of the associate's shares and the increase or decrease in the value of that interest between the acquisition date and the balance sheet date of the consolidated annual report. The increase or decrease is calculated in accordance with the annual financial statements of the associate on the basis of the proportion (as a percentage) of the contributed capital in the equity of the associate (equity method)

Intangible assets and property, plant and equipment

In the balance sheet, intangible assets and property, plant and equipment are recognised at their cost of acquisition less accumulated depreciation and amortisation. The Group capitalises items of property, plant and equipment with an initial cost exceeding 1 000 EUR.

Acquired property, plant and equipment below 1 000 EUR are recognised in the low value inventory account.

The asset purchase value is the sum of the purchase price, import duties, non-deductible taxes and other directly attributable expenses needed to deliver the asset to its intended location and prepare it for its intended use.

Only the rights acquired for consideration are recognised as “Concessions, patents, licenses, trademarks and similar rights”.

Depreciation and amortisation is calculated over the useful life of the asset according to the straight-line method, applying the following depreciation rates:

Intangible assets:	
Licenses	20-33%
Other intangible assets	10-20%
Property, plant and equipment:	
Technological equipment	10-20%
Hardware and electronic equipment	33%
Vehicles	20%
Other fixed assets	20-33%

Profit or loss arising from the asset disposal is recognised in the profit and loss statement for the respective period.

Repair and renovation expenses increasing useful life or asset value are capitalised and depreciated over its useful life. All other repair and maintenance costs are recognised on profit and loss statement, in the period when they incurred.

Leasehold improvements are capitalised and are included in the asset's carrying amount. Leasehold improvements are depreciated using the straight line method over the shortest period - useful life or lease term.

Research costs are recognised in the profit and loss statement in the reporting period they incurred. The development costs are capitalised if the ability of the asset to generate economic benefits can be reliably demonstrated. Amortisation is calculated over the period of development cost use.

Impairment of non-current assets

If the non-current asset's recoverable amount at the balance sheet date is lower than its acquisition value less accumulated depreciation, the asset is measured at the lower of cost. The value of assets is reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount.

Inventories

Inventory cost is determined using the weighted average cost method.

Inventories are stated at the lower cost, purchasing or net realisable value. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and sales expenses.

Inventories held in net realisable value are recognised at carrying amount of inventories reduced by allowances.

Trade receivables

Trade receivables are recognised according to the value of initial invoices less allowances for doubtful debts. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amount. Receivables are written off if considered to be uncollectible.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank account balances and short-term bank deposits with the initial maturity of 90 days or less.

Deferred expenses

Expenses incurred before the balance sheet date but related to the next reporting periods are recognised as deferred expenses.

Financial assets

- Non-current loans and claims

are financial assets created by the Company and Group by providing money or rendering services directly to the debtor and which are not intended to be sold immediately or in a short time period. Initially loans are recognised at fair value plus costs related to the loan issuance. Subsequent to initial recognition loans are stated at amortised value, using the effective interest rate method. Amortised value is calculated considering loan issuance costs incurred, as well as any loan-related discounts or premiums. Profit or loss arising from the amortisation is recognised in the profit and loss statement as an interest income or expense. If events or changes in circumstances indicate that the carrying amount is impaired, provisions of asset impairment are recognised.

- Other non-current financial investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that the Company or the Group has decided and is able to hold to maturity. Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition all loans are carried at amortised value, using the effective interest rate method.

Held-for-sale financial assets are financial assets other than issued loans, invoices and held-to-maturity investments.

These assets can be sold in order to increase liquidity or in the event of changes in interest rates, exchange rates and capital value. If there is an objective indication that the carrying amount of an asset could be is impaired, an allowance for impairment is made.

- Current financial investments

are financial assets held for trading, which are acquired or incurred for the primary purpose of making profit from short-term fluctuations of price or profit margins. Financial assets held for trading are initially recognised at cost value plus transaction costs directly attributable to the acquisition of the financial asset. Cost value usually corresponds to the amount paid for the asset, including fees and commissions. Cost value is an amount at which a financial asset is measured at initial recognition less principal repayments, and is adjusted for any allowance for impairment.

Accrual for unused employee vacations

Accrual is computed by multiplying employees' average daily salary for the last 6 months by the number of unused vacation days at the end of the reporting year, additionally calculating employers' mandatory social insurance contributions.

Leases

Lease that in essence transfers all the risks and rewards associated with the asset to the lessee is classified as finance lease. All other leases are classified as operating leases.

Operating lease

Lease under which the risks and rewards of ownership are not transferred to the lessee is classified as operating lease. Operating lease payments are recognised in the profit and loss statement over the term of the lease, using the linear method.

Provisions

Provisions are recognised when the Company and the Group has a liability (legal or reasonable) due to a past event and it is probable that an outflow of resources embodying economic benefits from the Company or Group will be required to settle the obligation and the amount of the liability can be measured reliably.

Trade payables

Initially trade payables are recognised at fair value. In subsequent periods, the carrying amount of trade receivables is measured at amortised initial value by applying the effective interest rate. Trade payables are classified as current liabilities if the payment is due within one year or less. Otherwise, they are classified as non-current liabilities. The amount of the Group's liabilities can be reliably estimated.

Revenue recognition

Revenue is recognized based on the expectation that is probable the Company and the Group will obtain economic benefits and to the extent that it can be reasonably determined, excluding value-added tax and sales-related discounts. Revenues are recognized in accordance with the economic substance and nature of the transaction, rather than its legal form. In recognizing revenue, the following conditions are also considered:

Sale of goods:

- Goods (in relevant cases – ownership rights to goods), all risks associated with their damage or destruction (hereinafter referred to as the risks inherent to the ownership rights of goods), and all potential benefits from these goods (such as income and value appreciation) have been transferred to the buyer;

- The Company or the Group is able to reliably estimate the revenue;
- It is expected that the Company or the Group will receive the economic benefits associated with the transaction;
- The Company or the Group is able to reliably estimate the expenses incurred or to be incurred in relation to the sale of goods.

Provision of services:

Revenue from services is recognized in the period when the services are rendered. Revenue from services and the corresponding costs are recognized based on the stage of completion of the transaction as of the balance sheet date. If the outcome of the service-related transaction cannot be reliably estimated, revenue is recognized only to the extent of the recoverable costs incurred.

Dividend income is recognised when the shareholder's right to receive the payment is established.

Interest income is recognized over the relevant time period. Accrual of interest income is discontinued when its collection is doubtful.

Corporate income tax

Corporate income tax is recognised in the profit and loss statement on the basis of calculations made by the management in accordance with the laws and regulations of the Republic of Latvia.

Corporation tax is calculated on the profits distributed, calculated as 20/80 of the net amount payable to members and certain expenses attributable to the distribution of profits, applying a coefficient of 0.8. Corporation tax on distributed profits will be recognised at the time when the members of the Company decide on the distribution of profits.

The accumulated undistributed profits subject to corporation tax at the end of the reporting year amount to EUR 10 668 310 at the time of distribution of dividends.

Fair value

The fair value represents the value, at which an asset may be sold or liabilities settled within the normal market conditions. If based on the management assessment the fair value of financial assets and liabilities significantly differs from its carrying value, the fair value is disclosed separately in notes to the financial statements.

Use of estimates

To prepare the financial statements, the management of the Company and the Group makes estimates and

assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management has assessed the profit and loss and believes that based on all the available information the financial statements give a true and fair view of the financial position.

- Allowance for doubtful and bad trade receivables:

The Group's management evaluates the carrying amounts of trade receivables and assesses their recoverability, making an allowance for doubtful and bad trade receivables, if necessary. Provisions are based on the aging analysis of receivables and the Company's experience in working with each individual debtor. The management has assessed the receivables and believes that significant additional provisions are not necessary as of 31 December 2024.

- Net realisable value of inventories:

The Group's management evaluates the net realisable value of inventories based on the expected sales prices and selling expenses, as well as assesses the physical condition of inventories during the annual inventory counting. If the net realisable value of inventories is lower than the cost of inventories, then an allowance is recorded. The Group's management has evaluated the net realisable value of inventories and believes that no significant additional allowance is required as of 31 December 2024.

- Useful life of property, plant and equipment:

Useful life of property, plant and equipment is assessed at each balance sheet date and adjusted, if necessary, to reflect the Company's management current view on the remaining useful life of the assets, taking into account changes in technology, the remaining economic life of the assets and their physical condition.

- Contingent liabilities:

Contingent liabilities are disclosed in notes to these financial statements. They are recognised as liabilities only if the possibility of an outflow of resources embodying economic benefits becomes probable.

- Carrying amount of issued loans:

The management of the Group's Parent Company evaluates the issued loans and assesses their recoverability, making an allowance for doubtful loans, if necessary. The management has evaluated the issued loans and considers that it is not necessary to make an additional significant allowance as of 31 December 2024.

Deferred Revenue

Deferred revenue represents non-current and current portion of advances received from customers for services

which have not been provided as of the balance sheet date. Deferred revenue is initially recognized at the present value of the consideration received. Revenue is recognized in the statement of profit and loss in the period when the services have been provided.

In 2024, the Group's Parent Company launched a customer loyalty program – rewards program, under which customers earn reward points from each purchase. These points are awarded at a specific rate based on the purchase amount. Rewarded points, expressed in monetary value, can be used by customers as partial payment for the future purchases with no expiration period.

Based on the rewarded points, expressed in monetary value, the corresponding portion of revenue is deferred until the points are redeemed – i.e., when related services are provided, and revenue is recognized in the statement of profit and loss. As of 31 December 2024, deferred revenue related to the rewards program is estimated based on the historical experience with repeat customer purchases. The Group's management considers that is not necessary to make an additional adjustments to deferred revenue as of 31 December 2024.

Government and the EU institution co-financing

Government and EU institution aid is included in the balance sheet of the Company and the Group when it is certain that the terms will be met and the Company and Group will be eligible to receive it. If state aid is received for long-term investments, state aid is reflected in the balance sheet as a deferred income.

Government and the EU institution aid is not recognised until there is reasonable assurance that the Company and Group will comply with the terms and that the aid will be received. Aid is recognised as revenue over the period in which the Company and the Group incur costs that are offset by government aid. Thus, government aid, the aim of which is a purchase or creation of the non-current assets, is recognised as deferred revenue in the balance sheet and included in the profit and loss statement in a systemation and rational manner over the non-current asset's useful life.

Events after the reporting date

The financial statements reflect such events after the balance sheet date that provide additional information about the financial position of the Company and the Group at the balance sheet date (adjusting events). If the events after the end of the reporting year are not adjusting, they are reflected in the notes to the financial statements only if they are significant.

Reclassification of comparative item figures

To improve the comprehensibility of the financial statements, in 2024 the Company's management changed the classification of representation expenses, which resulted in the reclassification of certain comparative items in the 2023 statement of profit and loss presented in these financial statements:

The Company's statement of profit and loss for 2023:

Item name	Amount for 2023 before reclassification / EUR	Amount of reclassification / EUR	Amount for 2023 after reclassification / EUR
Selling expenses	(8 173 755)	19 733	(8 154 022)
Other operating expenses	(258 402)	(19 733)	(278 135)

The Group's statement of profit and loss for 2023:

Item name	Amount for 2023 before reclassification / EUR	Amount of reclassification / EUR	Amount for 2023 after reclassification / EUR
Selling expenses	(9 139 174)	20 236	(9 118 938)
Other operating expenses	(281 089)	(20 236)	(301 325)

(2) Net revenue

Net revenue is the revenue generated during the year from the main operating activities – the sale of goods and rendering services less value added tax and discounts granted. Revenue is generated from the production and sale of cosmetics, as well as from the provision of services and the sale of makeup stands.

	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
Breakdown of net revenue by geographical markets:				
Revenue from the sale of goods in the European Union	14 830 323	13 668 174	14 110 673	12 461 240
Revenue from the sale of goods in Latvia	5 066 553	4 482 142	5 044 594	5 116 224
Revenue from the sale of goods in other markets	1 474 623	1 853 538	1 244 517	1 240 828
Revenue from the provision of services	102 558	219 811	102 558	111 621
Other revenue from operating activities	47 797	10 553	2 734	10 553
Total	21 521 854	20 234 218	20 505 076	18 940 466
(3) Cost of goods sold				
Raw materials consumed	3 678 155	3 178 987	4 046 880	3 270 743
Remuneration for work	1 835 049	1 661 918	1 792 711	1 609 794
Mandatory state social insurance contributions	432 587	391 172	422 500	378 863
Depreciation of property, plant and equipment (Note 13)	403 398	340 383	388 714	319 166
Production service costs	215 456	273 627	203 750	257 599
Current assets consumed	200 011	262 982	196 905	255 860
Research and development costs for new products	207 379	233 082	207 379	231 654
Premises rent and maintenance costs	196 264	215 140	162 437	149 123
Resource costs	96 615	134 977	96 615	134 977
Leasehold improvements write-off (see Note 13)	91 897	85 981	91 897	85 982
ECOCERT quality certificate maintenance costs	32 465	49 802	32 465	44 619
Car maintenance, fuel and repair costs	16 919	22 627	16 919	22 627
Business trip costs	10 004	11 481	10 004	11 481
Other production and maintenance related costs	46 079	23 854	46 069	23 838
Total	7 462 278	6 886 013	7 715 245	6 796 326

	Group 2024 / EUR	Group 2023 / EUR *reclassified	Company 2024 / EUR	Company 2023 / EUR *reclassified
(4) Selling expenses				
Advertising and marketing costs	3 847 818	3 141 029	3 725 595	2 939 857
Remuneration for work	2 110 910	1 863 189	1 774 629	1 550 129
Transportation costs	1 083 035	1 280 697	1 024 550	1 173 764
Production costs of product samples	699 790	688 221	699 790	688 221
Depreciation of property, plant and equipment and amortisation of intangible assets (Note 12 and Note 13)	533 432	413 043	476 801	344 000
Mandatory state social insurance contributions	497 522	440 323	418 197	365 764
Intermediate services costs	587 465	321 272	598 173	369 422
Trade promotion costs	98 453	178 588	98 453	279 703
Maintenance costs of sales platforms	135 595	281 275	135 595	178 588
Premises rent and maintenance costs	183 840	169 978	-	-
Business trips and exhibitions costs	65 973	62 957	65 954	48 626
Royalties	17 404	9 348	17 404	9 348
Sales activity risk insurance	25 014	28 905	25 014	28 905
Leasehold improvements write-off (Note 13)	26 922	15 246	-	-
E-shop WEB page maintenance costs and other IT costs	109 747	14 662	109 747	14 662
Car maintenance, fuel and repair costs	15 992	17 442	14 265	15 766
Other selling expenses	394 240	192 763	356 083	147 267
Total	10 433 152	9 118 938	9 540 250	8 154 022

	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
(5) Administration expenses				
Remuneration for work	912 041	850 606	784 106	715 686
Office costs	264 642	221 641	244 165	197 623
Mandatory state social insurance contributions	215 337	200 427	184 912	168 671
Cash transactions related costs	203 274	184 873	163 460	137 775
Premises rent and maintenance costs	162 962	119 970	162 962	119 969
Depreciation of property, plant and equipment and amortisation of intangible assets (Note 12 and Note 13)	36 176	86 428	36 176	86 428
Employee health insurance	93 022	62 521	80 454	49 791
Employee meal costs	82 519	79 102	74 690	70 358
Personnel sustainability costs	81 424	67 625	77 933	61 675
Audit costs**	42 393	38 700	40 593	35 100
Car maintenance, fuel and repair costs	39 218	30 849	35 693	30 849
Securities circulation costs	19 057	21 337	19 057	21 337

*See Note 1 to the financial statements.

**Deloitte Audits Latvia, the auditor of the Parent Company, provided only services related to the statutory audit of financial statements during the reporting year.

	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
(5) Administration expenses (continued)				
Research consultation and conference costs	43 217	60 882	43 217	60 882
Legal and other professional service costs	93 618	42 543	89 381	37 085
Communication service costs	21 195	20 063	17 890	15 304
Net change in allowance for doubtful receivables (Note 18)	14 485	9 129	-	8 805
Business trip costs	6 272	19 464	6 272	19 464
Other management and administration costs	160 942	83 108	150 999	54 845
Total	2 491 794	2 199 268	2 211 960	1 891 647

	Group 2023 / EUR	Group 2022 / EUR	Company 2023 / EUR	Company 2022 / EUR
(6) Other operating income				
Income from ERAF projects co-financing	230 298	145 005	230 298	145 005
Income from the sale of current assets	37 786	4 172	37 786	4 172
Net gain on disposal of property, plant and equipment	-	7 438	9 135	7 438
<i>Proceeds from the sale of property, plant and equipment</i>	-	7 438	54 463	7 438
<i>Residual carrying amount of property, plant and equipment (Note 13)</i>	-	-	(45 328)	-
Net gain from disposal of other non-current assets	3 993 704	-	3 993 706	-
<i>Proceeds from the sale of the "MOSSA" brand*</i>	4 000 000	-	4 000 000	-
<i>Residual carrying amount of non-current assets (Note 12)</i>	(6 296)	-	(6 294)	-
Net gain from disposal of shares in subsidiary**	578 740	-	197 172	-
<i>Proceeds from the sale of subsidiary shares</i>	578 740	-	200 000	-
<i>Carrying amount of the investment in subsidiary (Note 14)</i>	-	-	(2 828)	-
Net gain from disposal of other securities and investments	-	-	-	-
<i>Proceeds from the sale of other securities and investments</i>	135	-	135	-
<i>Carrying amount of other securities and investments</i>	(135)	-	(135)	-
Net change in allowance for doubtful receivables (Note 18)	-	-	185 515	-
Other income	60 035	79 621	78 644	83 114
Total	4 900 563	236 236	4 732 256	239 729

*On 30 April 2024, the Parent Company divested the 'MOSSA' brand, along with associated intangible and tangible assets – including trademarks, the online store, and distribution-related databases and etc. assets – to the Finnish cosmetics distributor Oy Transmeri Ab. The market value of these assets was determined by an independent valuator engaged by the Company. The valuer possesses the appropriate qualifications and experience in valuing financial assets. The valuation was determined using the income approach, the discounted cash flow (DCF) method, which involved calculating the present value of projected future cash flows and discounting them at the effective interest rate.

**On 1 July 2024, the Parent Company sold its shares (100%) of the subsidiary Cosmetics NORD SIA to another Company – SLFNMD SIA.

"MOSSA" brand associated non-current assets and transferable assets as of the date of disposal:

	30.04.2024 / EUR
Intangible assets	9 41
Inventories	197
Total	1 138
Proceeds from the sale of the "MOSSA" brand	(4 000 000)
Total	(3 998 862)

Cosmetics NORD SIA net assets as of the date of disposal were as follows:

	01.07.2024 / EUR
Intangible assets	308 566
Property, plant and equipment	213 032
Other loans and other non-current receivables	14 097
Finished goods and goods for sale	326 063
Prepayments for inventories	5 191
Trade receivables	64 285
Trade receivables from related parties	69 323
Other receivables	15 731
Deferred expenses	3 548
Cash	226 817
Advances from customers	(210 729)
Trade payables	(26 631)
Trade payables to related parties	(1 218 950)
Taxes and mandatory state social insurance contributions	(72 477)
Other liabilities	(43 417)
Accrued liabilities	(53 189)
Total net assets	(378 740)
Proceeds from the sale of shares	(200 000)
Total	(578 740)

Net cash flow arising on disposal:

	01.07.2024 / EUR
Consideration received in cash	200 000
Less: transferred cash due to disposal	(226 817)
Net (decrease)/increase in cash	(26 817)

	Group 2024 / EUR	Group 2023 / EUR *reclassified	Company 2024 / EUR	Company 2023 / EUR *reclassified
(7) Other operating expenses				
Donations	4 415	3 455	4 000	3 455
Employees recruitment and training costs	58 733	134 360	58 733	134 360
Net loss on disposal of property, plant and equipment	976	-	-	-
<i>Proceeds from the sale of property, plant and equipment</i>	(44 463)	-	-	-
<i>Residual carrying amount of property, plant and equipment (Note 13)</i>	45 439	-	-	-
Nature protection costs	34 355	36 731	33 455	36 731
Resold purchased goods and services	3 681	6 302	3 681	6 302
Labour protection costs	13 795	8 773	13 795	8 773
Security costs	-	7 815	-	-
Representation costs	22 367	20 236	22 367	19 733
Other expenses	108 066	83 653	91 724	68 781
Total	246 388	301 325	227 755	278 135

	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
(8) Interest and similar income				
Other interest income	219 136	12 229	218 091	12 217
Total	219 136	12 229	218 091	12 217
(9) Interest and similar expenses				
Net loss on foreign currency exchange rate fluctuations	13 549	28 699	13 549	28 699
Factoring fees	529	965	-	-
Other interest payments	484	45	-	45
Penalties paid	3 742	14 279	3 672	14 040
Total	18 304	43 988	17 221	42 784
(10) Corporate income tax for the reporting year				
Corporate income tax calculated**	553 342	335 772	553 283	335 159
Total	553 342	335 772	553 283	335 159
(11) Other loans				
Loans to related parties***	-	-	24 049	-
Other short term loans****	690 000	-	690 000	-
Total	690 000	-	714 049	-

*See Note 1 to the financial statements.

**During 2024 year corporate income tax calculated on previously retained 2023 year distributed profit into dividends, less tax benefits.

***The Parent Company has granted a loan to its subsidiary. The loan carries a fixed annual interest rate. The loan is unsecured. The repayment term is set to mature on 29 August 2025.

****During the reporting year, certain trade receivable from another Company were converted into loan. The loan carries a base annual interest rate equal to the 6-month EURIBOR plus a fixed annual interest rate. The loan is guaranteed by another company that has significant and decisive control over the borrower. The repayment term is set to mature on 30 June 30 2025.

(12) INTANGIBLE ASSETS

Group	Concessions, patents, licenses, trademarks, and similar rights (EUR)	Other intangible assets (EUR)	Prepayments for intangible assets (EUR)	Total intangible assets (EUR)
Cost as of 31.12.2023.	2 145 364	31 226	12 569	2 189 159
Additions	-	-	502 084	502 084
Disposals	(51 219)	-	-	(51 219)
Disposal of intangible assets*	(447 462)	-	-	(447 462)
Transfers	514 653	-	(514 653)	-
Cost as of 31.12.2024.	2 161 336	31 226	-	2 192 562
Accumulated amortisation 31.12.2023.	808 171	9 840	-	818 011
Amortisation charged	489 747	6 259	-	496 006
Disposals	(44 923)	-	-	(44 923)
Disposal of intangible assets*	(138 896)	-	-	(138 896)
Accumulated amortisation 31.12.2024.	1 114 099	16 099	-	1 130 198
Net carrying amounts 31.12.2023.	1 337 193	21 386	12 569	1 371 148
Net carrying amounts 31.12.2024.	1 047 237	15 127	-	1 062 364

Company	Concessions, patents, licenses, trademarks, and similar rights (EUR)	Other intangible assets (EUR)	Prepayments for intangible assets (EUR)	Total intangible assets (EUR)
Cost as of 31.12.2023.	1 789 736	31 226	12 569	1 833 531
Additions	-	-	410 250	410 250
Disposals	(51 217)	-	-	(51 217)
Transfers	422 819	-	(422 819)	-
Cost as of 31.12.2024.	2 161 338	31 226	-	2 192 564
Accumulated amortisation 31.12.2023.	717 241	9 839	-	727 080
Amortisation charged	441 783	6 260	-	448 043
Disposals	(44 923)	-	-	(44 923)
Accumulated amortisation 31.12.2024.	1 114 101	16 099	-	1 130 200
Net carrying amounts 31.12.2023.	1 072 495	21 387	12 569	1 106 451
Net carrying amounts 31.12.2024.	1 047 237	15 127	-	1 062 364

*Disposal of intangible assets due to the sale of subsidiary shares. Refer to Note 6 to the financial statements.



(13) PROPERTY, PLANT AND EQUIPMENT

Group	Land (EUR)	Leasehold improve- ments (EUR)	Techno- logical equip- ment and machinery (EUR)	Other fixed assets and equipment (EUR)	Assets under construc- tion (EUR)	Prepay- ments for property, plant and equipment (EUR)	Total property, plant and equipment (EUR)
Cost as of 31.12.2023.	468 722	1 074 277	4 789 040	1 232 616	40 757	24 569	7 629 981
Additions	-	-	-	-	140 504	139 756	280 260
Adjustments	-	-	-	-	18 516	(18 516)	-
Disposals	-	(36 004)	-	(221 042)	-	-	(257 046)
Disposal of property, plant and equipment*	-	(4 660)	(218 756)	(55 377)	-	(8 756)	(287 549)
Transfers	-	25 974	91 172	121 028	(116 623)	(121 551)	-
Cost as of 31.12.2024.	468 722	1 059 587	4 661 456	1 077 225	83 154	15 502	7 365 646
Accumulated depreciation 31.12.2023.	-	673 552	2 711 240	816 535	-	-	4 201 327
Depreciation charged	-	119 641	326 536	149 642	-	-	595 819
Disposals	-	(35 893)	-	(175 714)	-	-	(211 607)
Disposal of property, plant and equipment*	-	(4 349)	(47 581)	(22 587)	-	-	(74 517)
Accumulated depreciation 31.12.2024.	-	752 951	2 990 195	767 876	-	-	4 511 022
Net carrying amounts 31.12.2023.	468 722	400 725	2 077 800	416 081	40 757	24 569	3 428 654
Net carrying amounts 31.12.2024.	468 722	306 636	1 671 261	309 349	83 154	15 502	2 854 624

Company	Land (EUR)	Leasehold improve- ments (EUR)	Techno- logical equip- ment and machinery (EUR)	Other fixed assets and equipment (EUR)	Assets under construc- tion (EUR)	Prepay- ments for property, plant and equipment (EUR)	Total property, plant and equipment (EUR)
Cost as of 31.12.2023.	468 722	815 306	4 625 884	1 148 502	38 739	21 786	7 118 939
Additions	-	-	-	-	84 729	93 027	177 756
Disposals	-	-	-	(217 017)	-	-	(217 017)
Transfers	-	25 096	35 572	78 957	(40 314)	(99 311)	-
Cost as of 31.12.2024.	468 722	840 402	4 661 456	1 010 442	83 154	15 502	7 079 678
Accumulated depreciation 31.12.2023.	-	540 284	2 676 903	761 251	-	-	3 978 438
Depreciation charged	-	91 896	313 292	140 357	-	-	545 545
Disposals	-	-	-	(171 689)	-	-	(171 689)
Accumulated depreciation 31.12.2024.	-	632 180	2 990 195	729 919	-	-	4 352 294
Net carrying amounts 31.12.2023.	468 722	275 022	1 948 981	387 251	38 739	21 786	3 140 501
Net carrying amounts 31.12.2024.	468 722	208 222	1 671 261	280 523	83 154	15 502	2 727 384

*Disposal of property, plant and equipment due to the sale of subsidiary shares. Refer to Note 6 to the financial statements.

(14) INVESTMENTS IN SUBSIDIARIES

	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Acquisition value	310 684	18 156
Total	310 684	18 156

Name of the company	Acquisition cost / EUR	Owned shares, % 31.12.2024.	Owned shares, % 31.12.2023.	Carrying amount of investment 31.12.2024. /EUR	Carrying amount of investment 31.12.2023. /EUR	Investment in participation / (disposal) 2024 / EUR
MADARA Retail SIA	2 828	100	100	2 828	2 828	-
Brand Lab Cosmetics SIA	200 000	100	100	200 000	-	200 000
MADARA Cosmetics GmbH	25 000	100	100	25 000	12 500	12 500
MADARA Cosmetics Inc.	22 647	100	100	22 647	-	22 647
Madara Cosmetics LTD	60 209	100	100	60 209	-	60 209
Cosmetics NORD SIA*	2 828	-	100	-	2 828	(2 828)
Total	313 512	-	-	310 684	18 156	292 528

	31.12.2024 / (EUR)	31.12.2023 / (EUR)
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MADARA Retail SIA, registration number 40103212103, 131 Zeltinu street, Marupe, Latvia.
Type of operating activities – retail sale of cosmetics products.

Equity, EUR, audited by another auditor	112 975	183 032
Loss for the reporting year, EUR, audited by another auditor	(70 056)	17 686

Brand Lab Cosmetics SIA, registration number 40203612673, 20A Balozu street, Riga, LV-1048, Latvia.
Type of operating activities – manufacture of perfumes and body care products.

Equity, EUR, unaudited	199 990	-
Profit or (loss) of the reporting year, EUR, unaudited	(10)	-

MADARA Cosmetics GmbH, registration number HRB 177689, Potsdamer Platz 1, Berlin.
Type of operating activities – cosmetics products distribution services.

Equity, EUR, unaudited	8 032	14 786
Profit or (loss) of the reporting year, EUR, unaudited	(6 754)	(5 243)

MADARA Cosmetics Inc., registration number 37-2087771, 291 Main Street, Beacon, NY 12508.
Type of operating activities - retail sale of cosmetics products.

Equity, EUR, unaudited	(7 669)	-
Profit or (loss) of the reporting year, EUR, unaudited	(30 794)	-

MADARA Cosmetics LTD., registration number 15967488, 10 Village Way, Pinner, United Kingdom HA5 5AF.
Type of operating activities – retail sale of cosmetics products.

Equity, EUR, unaudited	52 118	-
Profit or (loss) of the reporting year, EUR, unaudited	(8 145)	-

*See Note 6 to the financial statements.

(15) OTHER NON-CURRENT RECEIVABLES

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Rent security deposits	101 949	96 728	61 915	40 000
Total	101 949	96 728	61 915	40 000

(16) RAW MATERIALS, MATERIALS AND CONSUMABLES

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Raw materials and materials, gross value	2 833 196	2 362 093	2 833 196	2 362 093
Goods in transit	216 135	73 486	216 135	72 776
Total	3 049 331	2 435 579	3 049 331	2 434 869

(17) FINISHED GOODS AND GOODS FOR SALE

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Cosmetic products at gross value	1 326 819	1 599 731	1 104 997	1 411 639
Advertising materials	174 402	135 261	174 402	135 261
Goods in transit	57 877	31 408	57 877	30 611
Allowance for slow-moving inventories	(3 500)	(3 500)	(3 500)	(3 500)
Total	1 555 598	1 762 900	1 333 776	1 574 011

	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
Allowance for obsolete and slow-moving inventories at the beginning of the year	3 500	6 500	3 500	6 500
Released accruals	-	(3 000)	-	(3 000)
Allowance for obsolete and slow-moving inventories at the end of the year	3 500	3 500	3 500	3 500

(18) TRADE RECEIVABLES

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Trade receivables, gross value	1 834 318	1 695 787	1 833 370	1 553 004
Allowance for doubtful trade receivables	(32 861)	(18 700)	(32 861)	(18 376)
Total	1 801 457	1 677 087	1 800 509	1 534 628

Changes in allowance for doubtful trade receivables and trade receivables from related parties:

	Group 2024 / EUR	Group 2023 / EUR	Company 2024 / EUR	Company 2023 / EUR
Allowance for doubtful trade receivables at the beginning of the reporting year	18 700	31 033	218 376	230 033
Allowance charged*	14 485	9 129	14 485	8 805
Release of allowance for doubtful trade receivables from related parties (Note 19)*	-	-	(200 000)	-
Receivables written off during the year as uncollectible	-	(21 462)	-	(20 462)
Allowance for doubtful trade receivables at the end of the reporting year	33 185	18 700	32 861	218 376

(19) TRADE RECEIVABLES FROM SUBSIDIARIES

	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
MADARA Retail SIA	227 544	310 970
Madara Cosmetics Inc.	218 019	-
Madara Cosmetics LTD	27 559	-
Cosmetics NORD SIA	-	1 641 088
Allowance for doubtful trade receivables	-	(200 000)
Total	473 122	1 752 058

(20) OTHER RECEIVABLES

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
VAT overpayment (Latvia)	-	42 509	-	42 509
VAT overpayment (Germany)	-	6 383	-	6 383
Security deposits	239	882	-	882
Other receivables	72 786	86 816	63 583	67 044
Total	73 025	136 590	63 583	116 818

*Net change in allowance as gain is presented in the "Other operating income" of the statement of profit or loss, while the net change as loss is presented in the "Administration expenses" of the statement of profit or loss. According to the Group's management assessment, allowances for certain trade receivables were released in the reporting year, as expected full collection of these receivables.

(21) CASH AND CASH EQUIVALENTS

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Cash in bank accounts	1 062 668	2 794 152	774 050	1 853 844
Short-term deposits in a commercial bank	7 538 352	2 692 563	7 383 562	2 692 563
Total	8 601 020	5 486 715	8 157 612	4 546 407

(22) Share capital

As of December 31, 2024, the issued and fully paid-up share capital of the Group's Parent Company is 378 043.40, consisting of 3 780 434 shares (31.12.2023: 377 657.80 EUR, 3 776 578 shares). The share capital has increased by 385.60 EUR compared to 31 December 2023, using previously accumulated retained earnings under the employee option program. The nominal value of one share is 0.10 EUR.

The Parent Company MADARA Cosmetics AS implements an employee option program as an additional tool for employee motivation and engagement. Employee options can be granted to the Company's employees, heads of departments, and board members who have made a significant contribution to the Company. The allocation of employee options is carried out by the Board in accordance with the procedures and the volume of options determined by the shareholders' meeting. The Company does not apply the fair value model to the option program, and in accordance with the stated procedures, the exercise of the options is carried out at nominal value, charged against retained earnings. In 2024, 3856 employee options were exercised, resulting in the option holders acquiring 3856 shares of the Company.

As of 31 December 2024, the number of share options granted for which the rights to use will vest in the following years is 32 408 (31.12.2023: 36 264 options). As a result of using these options, share options participants – employees will acquire 32 408 shares of the Parent Company.

(23) TAXES AND MANDATORY STATE SOCIAL
INSURANCE CONTRIBUTIONS

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Value added tax (incl. OSS)	279 253	244 764	279 253	227 515
Mandatory state social insurance contributions	129 722	129 139	120 206	114 675
Personal income tax	67 545	64 327	63 050	57 353
Corporate income tax	876	5 169	876	5 169
Other taxes and duties (Italy, United Kingdom, France)	30 872	34 047	30 850	17 661
Total	508 268	477 446	494 235	422 373

(24) OTHER LIABILITIES

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Salaries	247 308	244 344	230 598	214 240
Balance of gift cards	20 163	13 656	9 009	4 718
Other liabilities	10 841	28 228	9 901	19 399
Total	278 312	286 228	249 508	238 357

(25) DEFERRED REVENUE

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Non-current portion:				
Deferred revenue from European Union fund co-financing	279 154	281 374	279 154	281 374
Total non-current portion	279 154	281 374	279 154	281 374
Current portion:				
Deferred revenue from European Union fund co-financing	55 260	54 084	55 260	54 084
Deferred revenue from the loyalty program	16 815	-	16 815	-
Total current portion	72 075	54 084	72 075	54 084
Total	351 229	335 458	351 229	335 458

In order to receive additional financing, the Parent Company in 2024 participated in Norwegian Financial Instrument Program Activity – "Green Innovations and the Introduction of Information and Communication Technology Products into Production," as well as in the joint venture ECSEL project "Intelligent Motion Control", as well as in the Competence Centre projects, which provides support for the development of new products and technologies. During the implementation of these projects, all necessary participation conditions were met, and the Parent Company received funding totaling 60 076 EUR during 2024 (247 288 EUR in 2023). The project monitoring period is 5 years after the date of approval of the project completion report. In the year 2024 and as of 31 December 2024, the Group is in compliance with all contractual conditions related to deferred revenues. In the year 2024, payments for other project support of 133 013 EUR (99 009 EUR in the year 2023) were received.

(26) ACCRUED LIABILITIES

	Group 31.12.2024 / EUR	Group 31.12.2023 / EUR	Company 31.12.2024 / EUR	Company 31.12.2023 / EUR
Accrued liabilities for unused vacations	310 243	336 333	296 355	288 837
Accrued liabilities for services received	385 096	215 380	369 075	203 503
Accrued liabilities for employee remuneration	24 938	32 237	24 938	32 237
Accrued liabilities for goods received	206 701	122 979	428 605	124 351
Total	926 978	706 929	1 118 973	648 928

(27) TRANSACTIONS OF THE PARENT COMPANY WITH
SUBSIDIARIES AND GROUP TRANSACTIONS WITH RELATED
PARTIES DURING THE REPORTING YEAR

Group transactions with related parties during the reporting year:

	Goods sale and provision of services / EUR	Purchased goods and receipt of services / EUR
Cosmetics NORD SIA**	868 183	8 048
MC PROPERTIES SIA	960	240 383
KALVI SIA	-	26 085
SLFNMD SIA***	200 000	-
Transmeri Group Ab Oy*	6 794 060	157 430
Total	7 863 203	431 946

Parent Company transactions with subsidiaries:

	Goods sale and provision of services / EUR	Purchased goods and receipt of services / EUR
MADARA Retail SIA****	513 628	923
Cosmetics NORD SIA**	573 113	18 959
Madara Cosmetics LTD****	22 941	-
Madara Cosmetics Inc****	205 256	-
Total	1 314 938	19 882

(28) NUMBER OF EMPLOYEES

	Group 2024	Group 2023	Company 2024	Company 2023
Average number of employees in the year, including:	207	215	183	176
Members of the Board	4	6	4	4
Members of the Council	5	5	5	5

(29) INFORMATION ON THE REMUNERATION OF
MEMBERS OF THE COUNCIL AND THE BOARD

	Group 2024	Group 2023	Company 2024	Company 2023
Board members remuneration for the work at the Board	393 273	341 768	393 273	332 870
Council members remuneration for the work at the Council	6 681	4 680	6 681	4 680
Total	399 954	346 448	399 954	337 550

*Including the sale of the "MOSSA" brand, see Note 6 to the financial statements.

**For the period 01.07.2024-31.12.2024. See Note 6 to the financial statements.

***Disposal of shares into subsidiary. See Note 6 to the financial statements.

****Trade receivables of these parties included in the balance sheet item "Trade receivables from subsidiaries" (Note 19).



(30) Off-balance sheet liabilities and contingent liabilities

(a) Operating lease agreements

On 17 March 2015, the Parent Company entered into a premises rent agreement with MC PROPERTIES SIA, Reg. No 40103872324, for leasing production and office premises in Marupe, 131 Zeltinu Street. The agreement matures in 2030. The Parent Company of the Group has concluded an agreement on lease of office premises with Kalvi SIA at 20A Balozu Street, the term of the agreement is 2026. Group has concluded lease agreements for rent of premises in four shopping centers in Riga: "Galerija Centrs", "Spice", "AKROPOLE Alfa" and "Galerija Rīga". The long-term lease agreement for warehouse and office space at 6 Kauguru street, Riga, has been terminated, and the Parent Company has concluded new long-term lease agreement for warehouse and office space at Lielmani, Marupe. Maturity of these agreements – up to the years 2028–2030 with a possibility to prolong.

(b) Issued guarantees

On 15 March 2015, a mortgage agreement was signed between SWEDBANK A/S and Group's Parent Company's lessor MC PROPERTIES SIA on pledged item – real estate on 131 Zeltinu Street, Marupe. Real estate is pledged in favour of SWEDBANK A/S and the Group's Parent Company is the guarantor for the MC PROPERTIES SIA obtained borrowings; the amount of the guarantee, in accordance with the terms of the contract, is the amount of the outstanding liabilities. As of 31 December 2024, the outstanding amount of MC PROPERTIES SIA loan to A/S SWEDBANK was 650 640 EUR (31 December 2023: EUR 770 758). The Group's management has assessed the need to make provisions for the above guarantee and is of the opinion that no such provision is required as at 31 December 2024.

(c) Legal Risk

The Company and the Group are subject to various foreign laws, including taxation laws, as the Group's activities related to the supply of goods to individuals and legal entities take place in various foreign markets. The period of supervision by the tax authorities of the relevant countries may vary from country to country, generally between 3 and 5 years from the time of incurring or declaring the tax liability. The Group and the Company are exposed to legal risks related to possible actions by the tax authorities of these countries, including tax liabilities that could arise for periods in which the limitation period has not yet expired as at 31 December 2024 and the date of signing the annual report. The Group's management has considered all known circumstances that have arisen up to the date of signing the annual report and believes that the provision for possible tax liabilities arising from the supervision of these foreign tax administrations is not material and therefore no provision is made as at 31 December 2024.

(31) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk.

- Foreign currency risk

Foreign currency risk is the risk of financial losses incurred by the Group due to adverse fluctuations in foreign currency exchange rates. This risk arises when financial assets denominated in a foreign currency do not match financial liabilities in that currency, which results in open currency positions. The Group companies do not hold any material balances of financial assets and liabilities denominated in other currencies. Therefore, during the reporting year, the Group's exposure to foreign currency risk was not significant. The Group does not undertake measures to mitigate the risk.

- Credit risk

Credit risk is the risk that the Group will incur a financial loss as a result of the counterparty being unable to meet its obligations to the Group's entities. Credit risk arises principally from cash at banks, trade receivables and/or long-term and short-term borrowings. In order to reduce this risk, the Group monitors trade receivables on a regular basis and, if necessary, takes additional debt recovery measures. The Group has no significant concentration of credit risk with respect to any single counterparty or group of similar counterparties. Certain trade receivables of the Parent Company are insured.

- Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in full and on time. Liquidity risk arises when the maturities of financial assets and liabilities do not coincide. The Group's liquidity risk management objective is to

maintain adequate cash and cash equivalents and to ensure adequate funding through bank credit facilities to enable the Group to meet its obligations as they fall due. As at 31 December 2024, the Group has no active credit facility agreements. As of 31 December 2024, the Group's current assets exceeds current liabilities. The Parent Company of the Group regularly assesses the matching of financial assets and liabilities by maturity and the stability of funding sources for long-term investments

(32) Events after the reporting date

During the period from the last day of the reporting year until the date of the signing of this financial statement, there have been no events that should result in adjustments or be reflected in this financial statement.

(33) Proposal for profit distribution

The Management Board of the Parent Company proposes distributing a portion of the 2024 profit as dividends – EUR 3 480 345.28, or EUR 0.92 per share (based on the number of shares as of the date of approval of the financial statements: 3 782 984) – with the remaining part of the 2024 profit to be transferred to retained earnings for further development.

The Annual report approved by:

Lote Tisenkopfa - Iltnere
Chairman of the Board

Tatjana Nagle
Member of the Board

Uldis Iltners
Member of the Board

Gunta Šulte
Member of the Board

The Annual Report prepared by:

Dace Reinsone
Chief accountant

22 May 2025



Latvia@deloittece.com
www2.deloitte.com/lv/en.html

We have not determined any key audit matters to be communicated in our report of the separate and consolidated financial statements of the current period.

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Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- Information about the Group, as set out on page 3 of the accompanying consolidated Annual Report,
- the Management Report, as set out on page 5 and 6 of the accompanying consolidated Annual Report.

Our opinion on the separate and consolidated financial statements does not cover the other information included in the separate and consolidated Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with the 'Law On the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibility for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Audits Latvia SIA

Licence no. 43

Inguna Stasa
Member of the Board
Certified auditor
Certificate no. 145

Riga, Latvia
22 May 2025





MADARACOSMETICS.COM

INVESTORS.MADARACOSMETICS.COM