

MÁDARA

organic skincare

MANAGEMENT REPORT OF AS MADARA COSMETICS ON THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF 2025

REPORTING PERIOD
01.01.2025 - 31.12.2025





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GENERAL INFORMATION ABOUT THE GROUP

Name of the Group	MADARA Cosmetics AS
Parent Company	Madara Cosmetics AS
Parent Company's registration number	No 40003844254
Registration place and date	Riga, 28 July 2006
Parent Company's legal address	Zeltinu Street 131, Marupe, LV-2167, Latvia
Shareholders (above 5%) as of 31.12.2025	Uldis Iltners – owns 23.84% of shares Lote Tisenkopfa - Iltnere – owns 23.68% of shares Oy Transmeri Group Ab – owns 22.86% of shares Liene Drāzniece – owns 6.75% of shares Zane Tamane – owns 6.19% of shares
Type of operation and NACE code	Manufacture of perfumes and toilet preparations 20.42 Wholesale of perfume and cosmetics 46.45 Retail sale of cosmetic and toilet articles 47.75 Retail sale via mail order houses or via Internet 47.91
The board members 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 Edgars Pētersons – Deputy Chairman of the Council from 20.06.2025 Kati Sulin – Member of the Council from 20.06.2025 until 03.11.2025 Liene Drāzniece – Deputy Chairman of the Council until 20.06.2025
Reporting period	01.01.2025 until 31.12.2025
Previous reporting period	01.01.2024 until 31.12.2024
Subsidiaries	Madara Retail SIA, reg. No 40103212103 – 100%, Latvia MADARA Cosmetics Inc., reg. No 37-2087771 – 100%, USA Madara Cosmetics LTD, reg. No. 15967488 – 100%, UK Madara Cosmetics GmbH, reg No HRB 177689 – 100%, Germany Brand Lab Cosmetics SIA, reg. No. 40205612673 – 100%, Latvia

DEAR SHAREHOLDERS,

THE SECOND HALF OF 2025 MARKED A CONTINUATION OF THE STRATEGIC DIRECTIONS ALREADY SET IN MOTION: PRODUCT INNOVATION IN EFFECTIVE, NATURAL SKINCARE AND MAKEUP; A STRONG E-COMMERCE FOCUS ACROSS BOTH DIRECT CHANNELS AND PARTNERS; AND EXPANSION INTO NEW PHYSICAL MARKETS ALONGSIDE DEEPENING PRESENCE IN EXISTING ONES. THESE STRATEGIC DIRECTIONS ARE NOW REFLECTED IN TANGIBLE OUTCOMES – NEW PARTNERS AND MARKETS, GROWTH ACROSS DIRECT AND PARTNER CHANNELS, AND NEW, INNOVATIVE PRODUCTS. BEHIND THESE RESULTS STANDS EXTENSIVE FOUNDATIONAL WORK: TEAM AND RESOURCE PLANNING TO ADAPT TO A CHANGING ENVIRONMENT AND AN INCREASINGLY COMPETITIVE INDUSTRY, AS WELL AS PROCESS IMPLEMENTATION, REVIEW, AND AUTOMATION.

IN THE SECOND HALF OF THE YEAR, THE GROUP COMPLETED SEVERAL IMPORTANT PROJECTS – THE INTRODUCTION OF A NEW REGIONAL SALES STRUCTURE AND CUSTOMER PORTFOLIO MANAGEMENT APPROACH, CHANGES IN MANUFACTURING WORKFLOWS AND TEAM SETUP, FURTHER DEVELOPMENT OF THE TIKTOK SHOP IN THE UNITED KINGDOM, AND THE MIGRATION OF THE MÁDARA E-COMMERCE PLATFORM TO SHOPIFY. THE SECOND HALF OF 2025 ALSO MARKED A NEW PHASE IN WHICH THE MÁDARA BRAND FULLY MANAGES SALES ON ITS WEBSITE ACROSS ALL MARKETS. IN ADDITION, THE FOUNDATIONS WERE LAID FOR A NEW BUSINESS VERTICAL – HOSPITALITY SOLUTIONS. THESE PROJECTS HAVE ALREADY DELIVERED GROWTH DURING THEIR SHORT TENURE SINCE INCEPTION.

AT THE SAME TIME, THE GROUP ACHIEVED A SIGNIFICANT IMPROVEMENT IN PROFITABILITY IN THE SECOND HALF OF THE YEAR, REACHING A DOUBLE-DIGIT EBITDA MARGIN (13% IN H2 VERSUS 7% IN H1). THIS CONFIRMS THAT EFFICIENCY MEASURES AND A DISCIPLINED APPROACH TO COST MANAGEMENT HAVE DELIVERED THE EXPECTED RESULTS. OUR GOAL IS TO MAINTAIN DOUBLE-DIGIT EBITDA PROFITABILITY ALSO IN THE COMING PERIODS.

WHILE PROFIT BEFORE TAX IN 2025 WAS MATERIALLY AFFECTED BY A ONE-OFF IMPACT RELATED TO THE TRANSITION TO SHOPIFY – AN ACCELERATED WRITE-OFF OF THE PREVIOUS SYSTEM'S FIXED ASSET VALUE AMOUNTING TO EUR 571 THOUSAND – THE PROFITABILITY TREND IN THE SECOND HALF OF THE YEAR WAS CLEARLY POSITIVE. THE MOVE TO SHOPIFY IS A STRATEGICALLY IMPORTANT LONG-TERM INVESTMENT THAT STRENGTHENS THE GROUP'S E-COMMERCE INFRASTRUCTURE, AND ALREADY IN Q4 WE SAW EARLY WINS, INCLUDING IMPROVED CONVERSION AND THE MOST SUCCESSFUL BLACK FRIDAY CAMPAIGN IN THE GROUP'S HISTORY.

CONTINUING THE LONG-TERM DIVERSIFICATION OF SALES CHANNELS AND GEOGRAPHIES, MÁDARA ENTERED PARTNERSHIPS THAT WILL BRING THE BRAND INTO NEW REGIONS – THE MIDDLE EAST AND SOUTH ASIA. ONE OF THESE IS A COOPERATION WITH AL DAWAA, ONE OF THE LARGEST PARAPHARMACY CHAINS IN SAUDI ARABIA. AT THE SAME TIME, MÁDARA CONTINUED STRENGTHENING ITS EXISTING MARKETS. THE BRAND'S PRESENCE IN GERMANY WAS EXPANDED TO 125 MÜLLER STORES, AND NEW PARTNERS WERE ONBOARDED IN FRANCE, SPAIN, AND POLAND.

WORK INITIATED IN THE FIRST HALF OF THE YEAR ON THE TIKTOK SHOP IN THE UNITED KINGDOM DELIVERED VISIBLE RESULTS IN THE SECOND HALF, SUPPORTING MULTIPLE-FOLD GROWTH IN SALES VOLUMES, BRAND AWARENESS AND COLLABORATIONS WITH CONTENT CREATORS.

BOTH THE MÁDARA ASSORTMENT AND CONTRACT MANUFACTURING CONTINUED TO GROW, SUPPORTED BY NEW PRODUCT INTRODUCTIONS. FURTHERMORE, IMPROVEMENTS IN MANUFACTURING PRODUCTIVITY AND EFFICIENCY ENABLED THE GROUP TO INCREASE BOTH PRODUCTION VOLUMES AND THE NUMBER OF FULFILLED B2B AND B2C ORDERS, ACHIEVING SOLID GROWTH COMPARED TO THE PRIOR YEAR.

WHILE WE CAN ALREADY HIGHLIGHT THESE ACHIEVEMENTS, THEY REMAIN MILESTONES WITHIN A BROADER GROWTH STORY THAT CONTINUES.



GUNTA ŠULTE,
CEO OF AS MADARA COSMETICS

A large, elegant, handwritten signature in white ink, which appears to be 'Gunta Šulte', positioned in the bottom right corner of the page.

THE MOST SIGNIFICANT EVENTS



WEBSITE MIGRATION TO THE SHOPIFY PLATFORM

In the second half of 2025, the Group completed the migration from the Magento platform to Shopify. Key advantages of Shopify include improved website stability, enhanced analytics capabilities, faster implementation of functionality improvements, and the digitalisation of the POS systems of SIA MADARA Retail stores. Alongside the migration, an in-house development team was established, enabling faster and more efficient execution of future e-commerce projects both for the MÁDARA brand and at the Group level.

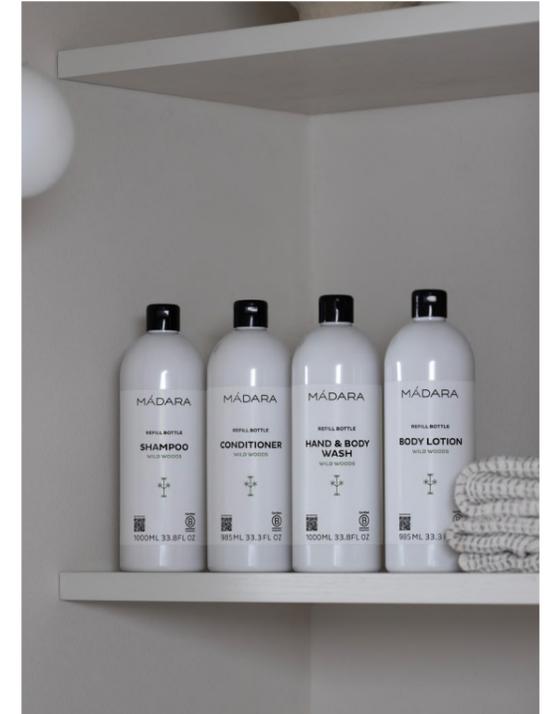
TIKTOK SHOP GROWTH

In the second half of 2025, the TikTok Shop in the United Kingdom delivered strong growth. Through effective cooperation with content creators and a focused approach to selected products, turnover reached EUR 223 thousand – 28 times higher than in the first half of the year. Importantly, this performance was also recognised by TikTok, granting the MÁDARA shop a Level 4 seller status, providing access to a growth support programme and additional benefits. Beyond direct sales, significant progress was achieved in brand awareness: several creator videos reached hundreds of thousands of views, some exceeding one million, and the newly launched UK TikTok profile reached 7,000 followers in a short period of time.



NEW BUSINESS DIRECTION – HOSPITALITY SOLUTIONS

At the end of 2025, the Group launched a new business segment, offering tailored hospitality solutions. The service combines natural body and hair care products with an online ordering system for hotels, rental apartment owners and HoReCa businesses. The solution includes refill options, reducing single-use packaging. The offering includes MÁDARA products from the specially developed Wild Woods line, comprising shampoo, conditioner, body wash and body cream with birch extract and unique meadow plant extracts. All products are formulated with natural ingredients, packaged in recycled plastic, and are also available in 1L refill bottles, improving usability and reducing waste. The service is initially available in Latvia and European export markets, with a gradual expansion to other regions as part of the Group’s strategy to strengthen sustainable growth and export development.



PRODUCT INNOVATIONS

In the second half of 2025, MÁDARA introduced five new and innovative products. Among them, the kojic acid alternative serum for pigmentation stands out, expanding the portfolio in natural and certified skincare with high, clinically proven efficacy. Significant updates were made to the leading Skin Equal tinted moisturiser line: product development work delivered a notable improvement in sun protection to SPF 20, alongside packaging enhancements that improve user experience and reduce environmental impact. Overall in 2025, MÁDARA launched 23 new products and implemented updates to key product lines – Skin Equal, Age Pro and Derma Collagen.

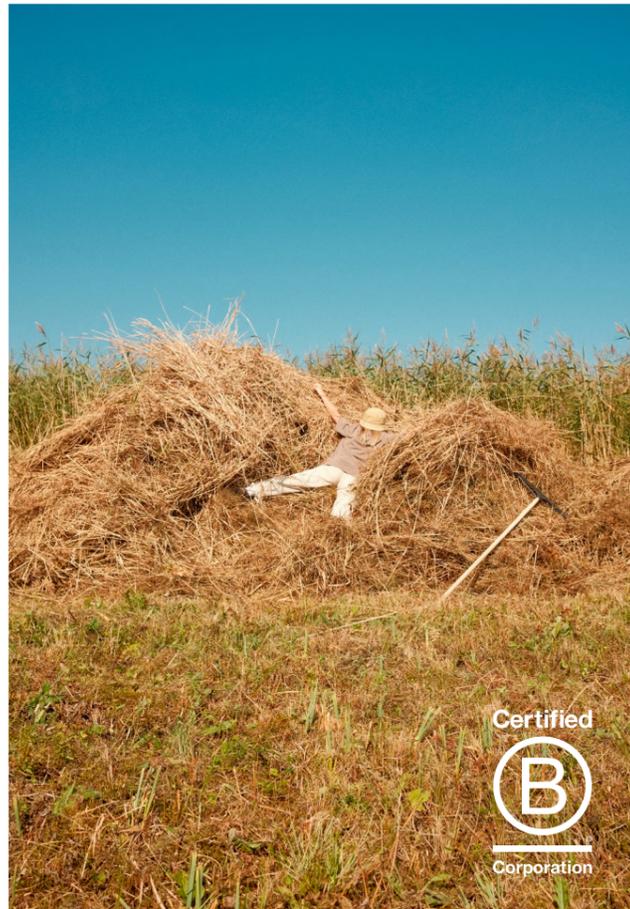


NEW PRODUCTS FOR 2025

SKINCARE	
AGE PRO Smooth Day cream	Hyaluron Biotic Mist
AGE PRO Renew Night cream	HYDRA GLOW Hyaluron Peptide Serum
AGE PRO Intense Wrinkle serum	Kizuna Room Mist
AGE PRO Hydra Firm Hyaluron jelly	KOJIC ALTERNATIVE Pigment Serum
AGE PRO Contour Wrinkle eye cream	Mineral SPF50 Sunscreen Stick
H ₂ O Tint Hyaluron Tinted Serum, 6 shades	
MAKEUP	
MIDSUMMER Soft Silk Mineral Bronzer, 1 shade	The Eye Pencil, 2 shades
MOONLIGHT Soft Glow Mineral Highlighter, 1 shade	The Brow Pencil, 3 shades

MANUFACTURING EFFICIENCY IMPROVEMENTS

In 2025, the structure of the planning and manufacturing teams was improved to establish clearer ownership of critical processes, create new growth opportunities for employees, and elevate performance in both productivity and efficiency. Alongside the launch of 40 new products in contract manufacturing and MÁDARA, and the execution of several high-volume orders, the teams achieved a 13.3% increase in fulfilled B2B orders and a 9.6% increase in fulfilled B2C orders. This was supported by higher production output: +15% in units and +31% in total volume, producing 100 tonnes more than in 2024.



SUSTAINABILITY AS A VALUE

This year was also significant in the Group's sustainability journey. By completing the B Corp certification process in the first half of the year, AS MADARA Cosmetics strengthened its commitment to the highest standards of responsible, sustainable and impact-driven business. AS MADARA Cosmetics became the second Latvian company to obtain this internationally recognised certification, confirming the Company's governance, environmental sustainability, employee wellbeing and community engagement practices in line with B Lab standards.



SALES

In 2025, the Group's consolidated turnover reached EUR 23.22 million, representing a 12% increase on a like-for-like basis. The achieved turnover level was within 2% of the Group's target of EUR 23.67 million. Excluding adjustments, turnover growth amounted to 8%, reflecting the short-term impact of the sale of the MOSSA brand to Oy Transmeri Ab on 30 April 2024, price revisions under contract manufacturing agreements, and the divestment of SELFNAMED.COM (SIA Cosmetics Nord), effective from 1 July 2024. In the second half of 2025, the growth rate accelerated to 15%, with turnover in this period reaching EUR 11.84 million.

In 2025, the geographical distribution of the Group's sales remained stable – 93% of total turnover was generated within the European Union, including Latvia, while 7% was generated outside the European Union. Compared to 2024, the share of the Latvian market increased by 6 percentage points to 30%, largely driven by the inclusion of SIA Cosmetics Nord in the Latvian market data. In the second half of the year, the regional split remained broadly similar: Latvia accounted for 30%, EU countries (excluding Latvia) for 61%, and markets outside the EU for 9%. The 3 percentage point increase in the share of sales outside the EU reflects more active customer acquisition efforts in international markets beyond Latvia. A significant step in expanding the Group's international presence in the second half of 2025 was the launch of cooperation with Al Dawaa, a leading parapharmacy chain in Saudi Arabia, establishing

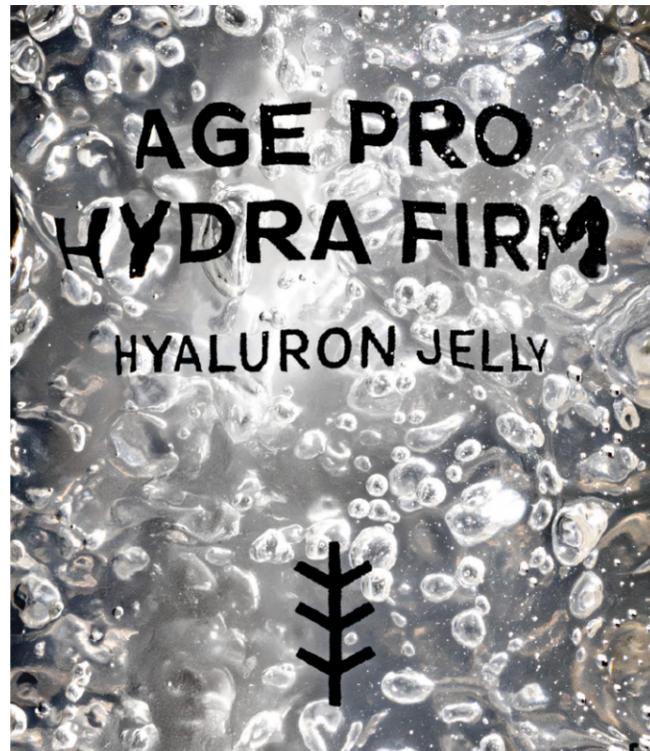
presence in more than 200 physical retail locations as well as online sales in the Middle East region.

In 2025, the MÁDARA brand achieved 7% growth in Latvia, which remains the largest market by turnover. In Germany, the largest export market, total growth reached 13%, driven by strong performance in the B2B channel (+21%), while direct e-commerce grew more moderately (+3%). In France, growth amounted to 8%, supported by solid e-commerce growth (+15%) and more moderate B2B development (+6%). The Czech and Slovak markets combined grew by 10%, while Estonia recorded 7% growth, completing the top five export markets.

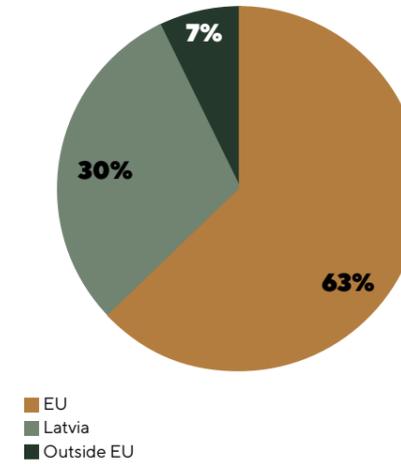
Spain stood out with exceptional growth – turnover increased by 139%, with B2B sales rising by 414% following the launch of cooperation with retail chain Druni, and direct e-commerce growing by 94%. Spain ranked sixth in the export market structure.

In Finland, turnover declined by 11%. At the end of 2025, the Group agreed on a revised cooperation model with its Finnish distribution partner, Transmeri. By taking over the management of the direct e-commerce platform, the Group will implement targeted e-commerce channel development activities.

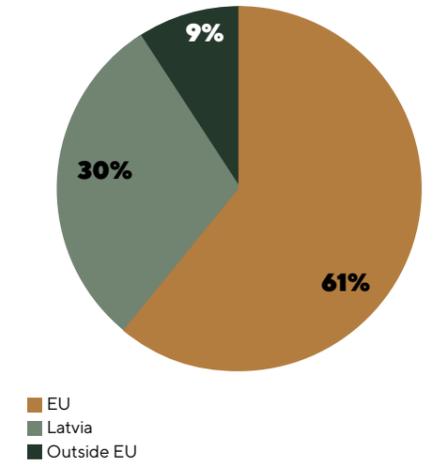
Overall, in 2025 the Group continued its focused acquisition of new B2B customers, including outside the EU, concentrating on medium and large-scale partners while optimising the portfolio of smaller clients to improve sales efficiency and long-term returns.



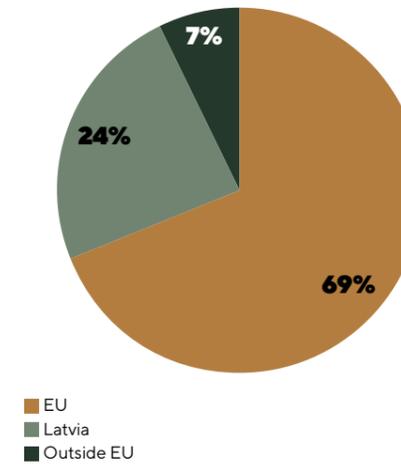
Sales distribution by region, FY2025



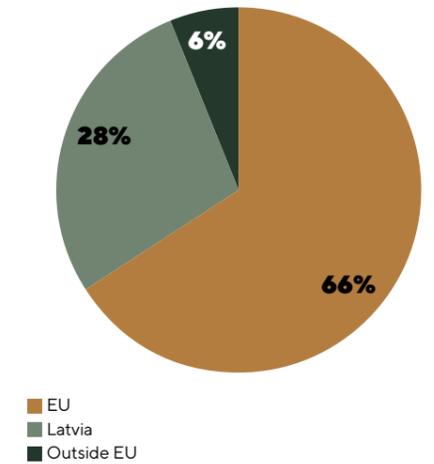
Sales distribution by region, H2 2025



Sales distribution by region, FY2024



Sales distribution by region, H2 2024



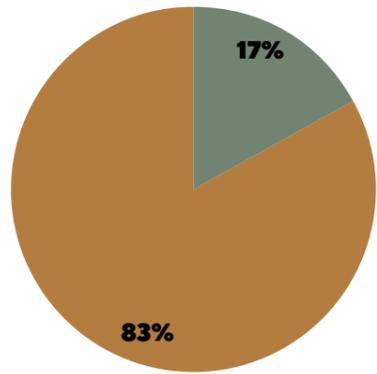
In 2025, the MÁDARA brand maintained its dominant role in the Group's sales structure, accounting for 83% of total turnover, while the contract manufacturing segment represented 17%. Compared to 2024, the share of the MÁDARA brand decreased by 1 percentage point, while the contract manufacturing share increased accordingly. In the second half of 2025, the contract manufacturing

segment accounted for 20% of turnover, representing a 2 percentage point increase compared to the respective period of the previous year. The Group continued to provide contract manufacturing and product development services to the MOSSA brand and SIA Cosmetics Nord, while maintaining its strategic focus on the long-term growth of the MÁDARA brand.

In 2025, the Group continued to strengthen its position as an innovator in the natural and organic skincare and makeup segments. The combined share of facial care and anti-age products in the portfolio amounted to 65%, representing a decrease of 2 percentage points compared to the previous year, despite shifts within these segments. Several facial care lines delivered strong growth, while the anti-age category expanded at a more moderate pace. The makeup category maintained stable performance, accounting for 18% of total turnover in 2025, in line with the prior year. Body care represented 6% of turnover, while the hair care category increased to 11%, up 2 percentage points year-on-year.

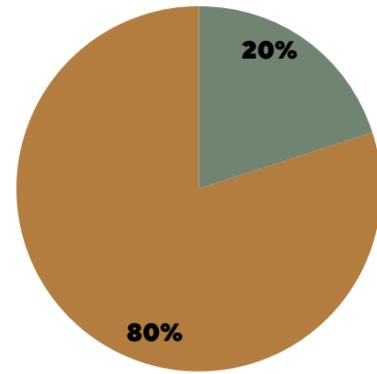
In 2025, MÁDARA launched 23 new products, which together generated more than EUR 1.5 million in turnover, providing a meaningful contribution to the Group's overall performance and underscoring the importance of innovation for the long-term growth of the MÁDARA brand. The standout launch in the second half of 2025 was the Kojic Acid Alternative Serum for pigmentation, reflecting the Group's focused efforts to develop effective natural alternatives to conventional active ingredients. In parallel, the overall product assortment and portfolio efficiency are reviewed annually, and in 2025, 21 products were discontinued from sale.

Sales distribution by segment, FY2025



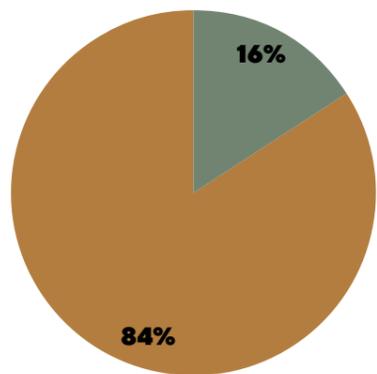
Contract manufacturing
MÁDARA

Sales distribution by product segment, H2 2025



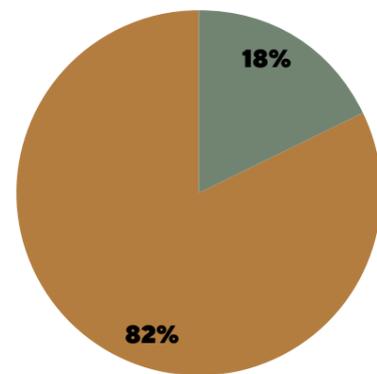
Contract manufacturing
MÁDARA

Sales distribution by segment, FY2024



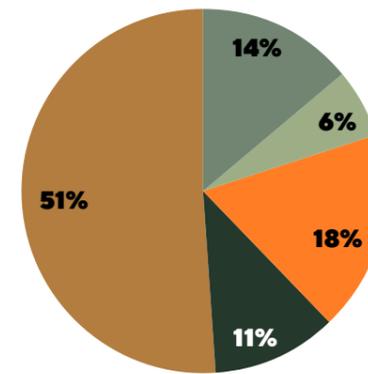
Contract manufacturing
MÁDARA

Sales distribution by product segment, H2 2024



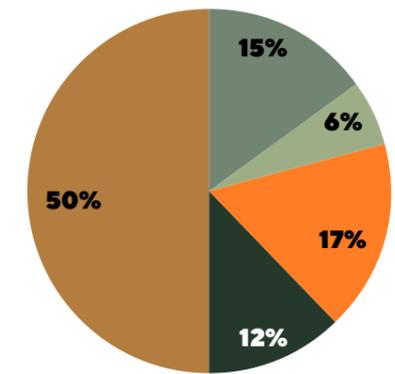
Contract manufacturing
MÁDARA

Sales distribution of MÁDARA products by categories, FY2025



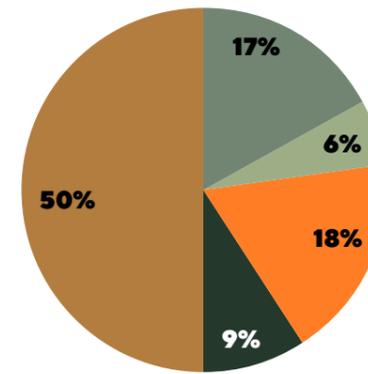
Facial
Anti-age
Body
Makeup
Hair

Sales distribution of MÁDARA products by categories, H2 2025



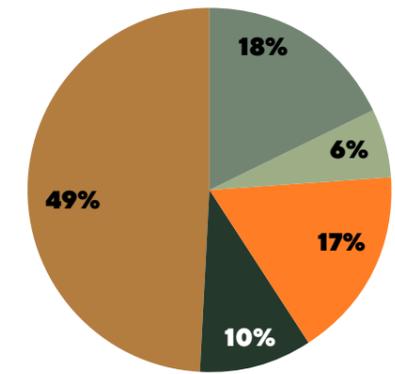
Facial
Anti-age
Body
Makeup
Hair

Sales distribution of MÁDARA products by categories, FY 2024



Facial
Anti-age
Body
Makeup
Hair

Sales distribution of MÁDARA products by categories, H2 2024



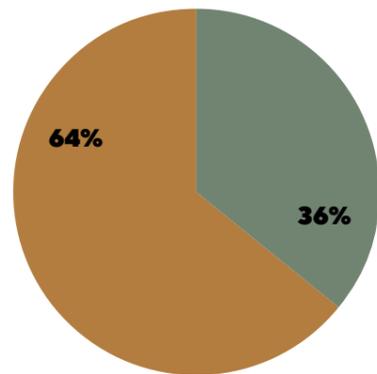
Facial
Anti-age
Body
Makeup
Hair

E-COMMERCE INDICATORS

In 2025, direct e-commerce, including AMAZON and TikTok, accounted for 36% of the Group's total turnover, representing an increase of 3 percentage points compared to the previous year. In the second half of the year, the share of direct e-commerce increased by a further 2 percentage points compared to the respective period of 2024. In 2025, the AMAZON channel delivered strong growth of 65%, while the MÁDARA brand e-store grew by 9%. Purchases by new customers in the brand's e-store accounted for 33% of total transactions, representing a decrease of 2 percentage points year-on-year. In the second half of the year, the share of new customer purchases amounted to 28% (down 8 percentage points compared to the respective period of the previous year). The decrease reflects a higher comparison base, as in the second half of 2024

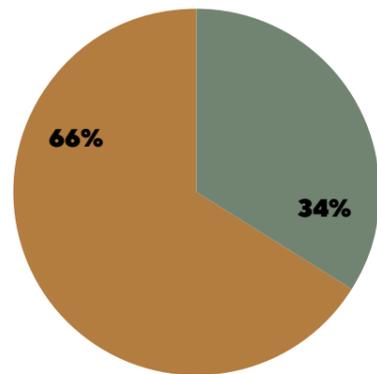
the Group made increased investments in new customer acquisition to optimise the balance between new and returning customers. In contrast, during the second half of 2025, the focus shifted more towards efficiency and cost optimisation. Latvia, the largest market, recorded 9% e-commerce turnover growth in 2025. The top five export markets in the brand's e-store were Germany, France, Estonia, Spain and the Netherlands. Spain stood out in particular, achieving 94% growth in e-commerce turnover. As noted previously, at the end of 2025 the Group took over the management of the MÁDARA brand e-store in Finland. Targeted channel development activities are planned, which are expected to positively contribute to e-commerce growth in Finland.

Direct e-commerce share
FY2025



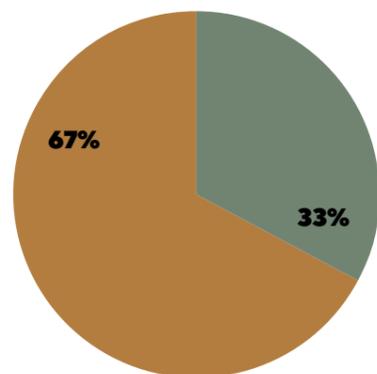
■ Direct e-commerce
■ Other sales channels

Direct e-commerce share
H2 2025



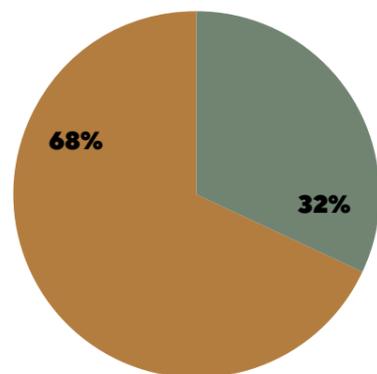
■ Direct e-commerce
■ Other sales channels

Direct e-commerce share
FY2024



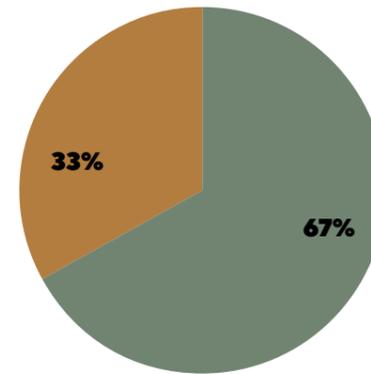
■ Direct e-commerce
■ Other sales channels

Direct e-commerce share
H2 2024



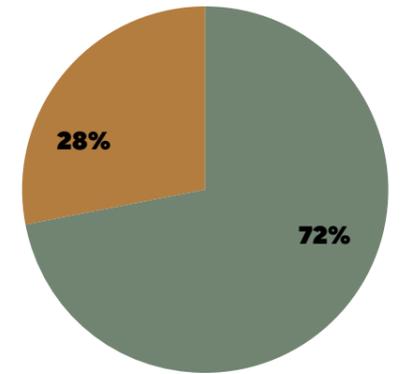
■ Direct e-commerce
■ Other sales channels

Revenue split by customer type,
FY 2025



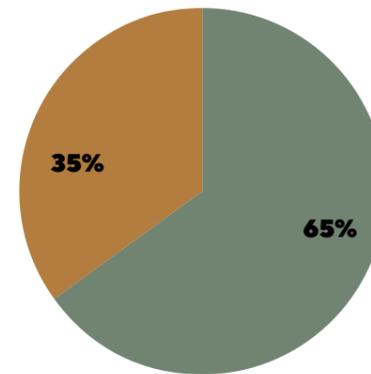
■ Repeat customers
■ New customers

Revenue split by customer type,
H2 2025



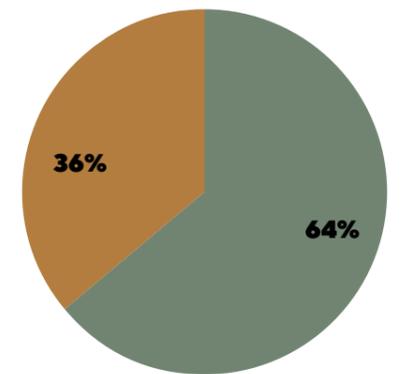
■ Repeat customers
■ New customers

Revenue split by customer type,
FY 2024



■ Repeat customers
■ New customers

Revenue split by customer type,
H2 2024



■ Repeat customers
■ New customers

THE MOST SUCCESSFUL "BLACK FRIDAY" CAMPAIGN IN THE GROUP'S HISTORY

In the fourth quarter, MÁDARA executed the most successful online sales campaign in its history – "Black Friday" – generating EUR 1.4 million in direct revenue. Strong year-on-year growth was recorded in Spain (+44%), Italy (+31%), France (+29%) and Estonia (+25%). The

campaign was fully executed on the newly implemented Shopify platform, which significantly improved website conversion rates, achieving an increase of more than 64% compared to the previous year's "Black Friday" campaign on the Magento platform.

FINANCIAL INDICATORS

As noted above, in 2025 the Group's consolidated turnover reached EUR 23.22 million, representing a 12% increase on a like-for-like basis and 8% growth excluding adjustments. Gross profit increased to EUR 15.1 million, maintaining a stable gross margin of 65%, in line with the previous year. EBITDA in 2025 amounted to EUR 2.3 million, with a margin of 10%. In the second half of the year, the EBITDA margin improved to 13%, generating EUR 1.5 million, compared to 7% in the first half of the year. Profitability was affected by investments in pilot projects initiated in the first half of 2025, which were recognised as period expenses and had an immediate impact on profit. In total, more than EUR 300 thousand was invested in pilot projects during the first half of the year. These included testing new brand concepts under Brand Lab Cosmetics, a U.S. e-store pilot project, and the development of the TikTok channel. Following an evaluation of project returns and their impact on profitability, only the scaling of TikTok in the United Kingdom was continued in the second half of the year. Additional efficiency improvement measures were implemented, including team and resource optimisation as well as process enhancements, contributing to the recovery of the EBITDA margin to a double-digit level in the second half of the year.

Profit before tax in 2025 amounted to EUR 628 thousand. The result was materially affected by the transition to the Shopify platform – due to accelerated implementation, the previous system's fixed asset value was written off prematurely in the amount of EUR 571 thousand (approximately 2.5% of net turnover), resulting in a one-off short-term impact on profit.

In 2025, the largest dividend in the Group's history was distributed – EUR 3.48 million (EUR 0.92 per share). Corporate income tax of EUR 870 thousand was paid in relation to the dividend distribution, significantly reducing profit after tax. Profit after tax for 2025 amounted to negative EUR 208 thousand. As dividend distribution is a shareholder-based decision and is not directly linked to the profit generated in the reporting year, profit after tax is not considered an indicator of the Group's core operating performance.

The Group's management plans to achieve a minimum turnover growth target of 10% for 2026, corresponding to EUR 25.54 million. A further objective for 2026 is to maintain a double-digit EBITDA margin. Management confirms that the Group has sufficient financial resources to implement growth initiatives while continuing dividend distributions to shareholders.

Key ratios and indicators (management data)	2025 (unaudited) EUR	2024 (audited) EUR	2024, MOSSA, SELFNAMED.COM deals excluded, (unaudited) EUR
Net turnover	23 217 129	21 521 854	21 521 854
Cost of goods sold	(8 098 102)	(7 462 278)	(7 462 278)
Gross profit	15 119 027	14 059 576	14 059 576
Depreciation, amortisation and write-downs	1 625 494	973 006	973 006
Leasehold improvements write-off expense	124 394	118 819	118 819
Operating profit	547 658	5 788 805	1 331 915
Interest income	116 917	219 136	219 136
Interest expense	(36 030)	(18 304)	(18 304)
Profit before taxes	628 545	5 989 637	1 532 747
Net profit for the period	(208 118)	5 436 295	979 405

Key ratios and indicators (management data)	H2 2025 (unaudited) EUR	H2 2024 (unaudited) EUR	H2 2024, MOSSA, SELFNAMED.COM deals excluded, (unaudited) EUR
Net turnover	11 844 489	10 314 268	10 314 268
Cost of goods sold	(4 386 315)	(3 770 856)	(3 770 856)
Gross profit	7 458 174	6 543 412	6 543 412
Depreciation, amortisation and write-downs	1 123 908	456 629	456 629
Leasehold improvements write-off expense	63 262	58 837	58 837
Operating profit	351 571	1 207 639	635 421
Interest income	22 837	153 678	153 678
Interest expense	(29 971)	2 092	2 092
Profit before taxes	344 437	1 363 409	791 191
Net profit for the period	(490 079)	1 360 692	788 474

	2025 (unaudited) EUR	2024 (audited) EUR	2024, MOSSA, SELFNAMED.COM deals excluded, (unaudited) EUR	H2 2025 (unaudited) EUR	H2 2024 (unaudited) EUR	H2 2024, MOSSA, SELFNAMED.COM deals excluded, (unaudited) EUR
EBITDA (TEUR)	2 298	6 881	2 424	1 539	1 723	1 151
Profitability and sustainability ratios						
1. Gross Margin (%)	65	65	65	63	63	63
2. Operating Margin (%)	2	27	6	3	12	6
3. EBITDA Margin (%)	10	32	11	13	17	11
4. Net Margin (%)	(1)	25	5	(4)	13	8
5. TTM ROE (%)	(1)	35	7	(1)	35	7
6. TTM ROA (%)	(1)	29	6	(1)	29	6
Liquidity ratios						
7. Current ratio (x)	4	6	5	4	6	5
8. Quick ratio (x)	3	4	3	3	4	3
9. Working capital (TEUR)	10 576	13 607	9 151	10 576	13 607	9 151
Leverage ratios						
10. Financial debt to equity (x)	-	-	-	-	-	-
11. Debt to equity (x)	0.24	0.16	0.22	0.24	0.16	0.22
12. Net financial debt (TEUR)	(5 660)	(8 601)	(4 523)	(5 660)	(8 601)	(4 523)
13. Net gearing (%)	(41)	(50)	(35)	(41)	(50)	(35)

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

- Gross profit/Net turnover*100
- Operating profit/Net turnover*100
- EBITDA/Net turnover*100
- Net profit/Net turnover*100
- Trailing 12 Months (TTM) Net Profit/Total equity (average)*100
- TTM Operating profit/Total assets (average)*100
- Current assets/Current liabilities
- (Current assets-Inventories)/Current liabilities
- Current assets-Current liabilities
- Loans from financial institutions/Total equity
- Total debt/Total equity
- Total financial debt-Cash
- (Total financial debt-Cash)/Total equity*100

UNAUDITED CONSOLIDATED FINANCIAL REPORT

The financial statements have been prepared in accordance with Republic of Latvia accountancy Standards. A full description will be available in the audited annual report.

CONSOLIDATED INCOME STATEMENT

Classified by function of expense.

	Note	1.01.2025 -31.12.2025 EUR (unaudited)	1.07.2025 -31.12.2025 EUR (unaudited)	1.01.2024 -31.12.2024 EUR (audited)	1.07.2024 -31.12.2024 EUR (unaudited)
Net turnover	2	23 217 129	11 844 489	21 521 854	10 314 268
Cost of goods sold	3	(8 098 102)	(4 386 315)	(7 462 278)	(3 770 856)
Gross profit		15 119 027	7 458 174	14 059 576	6 543 412
Selling expenses	4	(12 524 567)	(6 284 699)	(10 476 696)	(4 820 527)
Administration expenses	5	(2 468 819)	(1 113 260)	(2 448 250)	(1 184 477)
Other operating income	6	648 431	395 693	4 900 563	796 383
Other operating expenses	7	(226 414)	(104 337)	(246 388)	(127 152)
Interest and similar income	8	116 917	22 837	219 136	153 678
Interest and similar expenses	9	(36 030)	(29 971)	(18 304)	2 092
Profit before corporate income tax		628 545	344 437	5 989 637	1 363 409
Corporate income tax for the financial period	10	(836 663)	(834 516)	(553 342)	(2 717)
Profit for the reporting period		(208 118)	(490 079)	5 436 295	1 360 692

The accompanying notes on pages 26 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Assets	Note	31.12.2025 EUR (unaudited)	30.06.2025 EUR (unaudited)	31.12.2024 EUR (audited)	30.06.2024 EUR (unaudited)
Non-current assets					
Intangible assets					
Concessions, licences, patents, trade marks and similar rights		392 513	926 209	1 047 237	1 407 751
Other intangible assets		8 868	11 997	15 127	18 257
Prepayments for intangible assets		30 369	106 421	-	-
Total intangible assets	11	431 750	1 044 627	1 062 364	1 426 008
Property, plant and equipment					
Land		468 722	468 722	468 722	468 722
Leasehold improvements		300 356	292 631	306 636	347 260
Plant and equipment		1 509 506	1 574 558	1 671 261	1 963 945
Other fixed assets		471 322	380 447	309 349	347 507
Construction in progress		38 739	54 994	83 154	38 739
Prepayments for property, plant and equipment		-	38 541	15 502	35 391
Total property, plant and equipment	12	2 788 645	2 809 893	2 854 624	3 201 564
Non-current financial investments					
Other non-current receivables and other receivables	13	102 172	102 172	101 949	88 865
Other securities and investments	14	691	691	691	691
Total non-current financial investments		102 863	102 863	102 640	89 556
Total non-current assets		3 323 258	3 957 383	4 019 628	4 717 128
Current assets					
Inventories					
Raw materials	15	2 684 227	2 962 579	3 049 331	2 574 764
Unfinished goods		4 421	-	-	-
Finished goods and goods for sale	16	1 603 909	1 286 496	1 555 598	1 605 701
Prepayments for inventories		401 165	359 904	240 820	562 040
Total inventories		4 693 722	4 608 979	4 845 749	4 742 505
Receivables					
Trade receivables	17	2 908 325	2 544 378	1 801 457	2 112 573
Other receivables	18	53 585	72 377	73 025	136 516
Other short term loans	19	4 500	-	-	-
Other long term investments	19	-	-	690 000	-
Accrued revenue		90 985	67 047	53 630	37 623
Deferred expenses		229 395	249 193	103 567	217 215
Total receivables		3 286 790	2 932 995	2 721 679	2 503 927
Cash	20	5 660 455	8 953 767	8 601 020	10 064 705
Total current assets		13 640 967	16 495 741	16 168 448	17 311 137
Total assets		16 964 225	20 453 124	20 188 076	22 028 265

The accompanying notes on pages 26 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Equity and liabilities	Note	31.12.2025 EUR (unaudited)	30.06.2025 EUR (unaudited)	31.12.2024 EUR (audited)	30.06.2024 EUR (unaudited)
Equity					
Share capital	21	378 298	378 298	378 044	377 658
Share premium		4 023 455	4 023 455	4 023 455	4 023 455
Foreign currency revaluation reserve		3 031	4 459	205	-
Retained earnings:					
a) prior year retained earnings		9 465 641	9 465 641	7 509 947	7 510 334
b) profit for the period		(208 118)	281 961	5 436 295	4 125 601
Total equity		13 662 307	14 153 814	17 347 946	16 037 048
Liabilities					
Non-current liabilities					
Deferred revenue		237 220	279 154	279 154	341 451
Total non-current liabilities		237 220	279 154	279 154	341 451
Current liabilities					
Advances from customers		5 335	122 306	109 123	301 031
Trade payables		896 493	815 579	666 220	958 950
Taxes and social insurance contributions	22	691 729	610 958	508 268	1 114 994
Other payables	23	309 719	308 177	278 312	344 012
Deferred revenue		133 826	75 221	72 075	54 084
Accrued liabilities	24	1 027 596	607 570	926 978	686 280
Unpaid dividends		-	3 480 345	-	2 190 415
Total current liabilities		3 064 698	6 020 156	2 560 976	5 649 766
Total liabilities		3 301 918	6 299 310	2 840 130	5 991 217
Total equity and liabilities		16 964 225	20 453 124	20 188 076	22 028 265

The accompanying notes on pages 26 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Indirect method

	Note	1.01.2025 -31.12.2025 EUR (unaudited)	1.07.2025 -31.12.2025 EUR (unaudited)	1.01.2024 -31.12.2024 EUR (audited)	1.07.2024 -31.12.2024 EUR (unaudited)
Cash flow of operating activities					
Profit before taxes		628 545	344 437	5 989 637	1 363 409
Corrections:					
Depreciation of fixed assets	12	594 557	308 225	595 819	228 902
Amortisation of intangible assets	11	582 266	305 880	496 006	285 461
Net loss/(gain) on disposal of property, plant and equipment	6,7	(31 374)	(14 019)	976	976
Net loss/(gain) on disposal of intangible assets	6,4	570 901	570 901	(3 993 704)	17 279
Net gain on investments in subsidiaries	6	-	-	(578 740)	(578 740)
Government and the EU institutions co-financing	6	(445 045)	(288 762)	(230 298)	(176 126)
Interest and similar income	8	(116 978)	(24 979)	(219 136)	(206 294)
Profit before adjustments for current assets and current liabilities		1 782 872	1 201 683	2 060 560	934 867
Corrections:					
(Increase) / decrease in receivables		(1 084 084)	(229 867)	(183 557)	(925 153)
(Increase) / decrease in inventories		152 027	(84 743)	(696 356)	(434 498)
Increase / (decrease) in payables and other payables		430 689	455 002	757 803	1 510 152
Gross cash flow of operating activities		1 281 504	1 342 075	1 938 450	1 085 368
Income tax payments		(825 381)	(823 234)	(557 635)	(549 568)
Net cash flow of operating activities		456 123	518 841	1 380 815	535 800
Investment activities cash flow					
Proceeds from the disposal of other investments	6	-	-	135	-
Proceeds from the sale of participating interests	6	-	-	200 000	200 000
Proceeds from the sale of intangible assets	6	-	-	4 000 000	(10 983)
Payments for property, plant and equipment and intangible assets	11,12	(1 053 295)	(553 045)	(782 344)	(377 110)
Proceeds from sale of the property, plant and equipment	6,7	33 538	16 183	44 463	44 463
Foreign currency revaluation reserve		2 826	(1 428)	205	205
Loans issued		(4 500)	(4 500)	(14 097)	(14 097)
Loans repaid		690 000	-	300 000	300 000
Received interest		116 978	25 959	209 271	196 429
Investment activities cash flow		(214 453)	(516 831)	3 957 633	338 907
Financing activities cash flow					
Received government and the EU institutions aid		298 112	185 025	193 089	78 840
Dividends paid		(3 480 347)	(3 480 347)	(2 190 415)	(2 190 415)
Financing activities cash flow		(3 182 235)	(3 295 322)	(1 997 326)	(2 111 575)
Net increase / decrease in cash and cash equivalents		(2 940 565)	(3 293 312)	3 341 122	(1 236 868)
Cash transferred as the result of disposed subsidiary		-	-	(226 817)	(226 817)
Cash and cash equivalents at the beginning of the reporting period	20	8 601 020	8 953 767	5 486 715	10 064 705
Cash and cash equivalents at the end of the financial period	20	5 660 455	5 660 455	8 601 020	8 601 020

The accompanying notes on pages 26 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital EUR	Share premium EUR	Retained earnings EUR	Foreign currency revaluation reserve EUR	Total equity EUR
Balance as of 31 December 2023 (audited)	377 658	4 023 455	9 700 749	-	14 101 862
Increase in share capital	386	-	(386)	-	-
Profit for the reporting period	-	-	5 436 295	-	5 436 295
Foreign currency revaluation reserve	-	-	-	205	205
Distribution of dividends	-	-	(2 190 415)	-	(2 190 415)
Balance as of 31 December 2024 (audited)	378 044	4 023 455	12 946 242	205	17 347 946
Increase in share capital	255	-	(255)	-	-
Profit for the reporting period	-	-	281 961	-	281 961
Foreign currency revaluation reserve	-	-	-	4 254	4 254
Distribution of dividends	-	-	(3 480 345)	-	(3 480 345)
Balance as of 30 June 2025 (unaudited)	378 298	4 023 455	9 747 602	4 459	14 153 814
Increase in share capital	-	-	-	-	-
Profit for the reporting period	-	-	(490 079)	-	(490 079)
Foreign currency revaluation reserve	-	-	-	(1 428)	(1 428)
Distribution of dividends	-	-	-	-	-
Balance as of 31 December 2025 (unaudited)	378 298	4 023 455	9 257 523	3 031	13 662 307

The accompanying notes on pages 26 to 35 are an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Net turnover

Turnover is the income received during the year from the Group's main activities – sale of goods and provision of services without value added tax.

	1.01.2025 -31.12.2025 EUR (unaudited)	1.01.2024 -31.12.2024 EUR (audited)
Turnover by geographical markets:		
Revenue from the sale of goods in European Union	14 626 592	14 830 323
Revenue from the sale of goods in Latvia	6 824 874	5 066 553
Revenue from the sale of goods in other markets	1 684 678	1 474 623
Revenue from rendering services	75 265	102 558
Other revenue from the operating services	5 720	47 797
Total	23 217 129	21 521 854
(3) Cost of goods sold		
Materials cost	4 543 516	3 678 155
Remuneration for work	1 642 772	1 835 049
Social security contributions	386 331	432 587
Depreciation of fixed assets and amortisation of intangible assets	419 291	403 398
Costs of production services	89 631	215 456
Research and development costs for new products	204 054	207 379
Current assets consumed	245 333	200 011
Premises rental and management costs	170 810	196 264
Resource costs	108 233	96 615
Leasehold improvements write-off	95 623	91 897
Maintenance costs of the ECOCERT quality certificate	44 622	32 465
Car maintenance and fuel costs	17 100	16 919
Employee health insurance	27 290	-
Business trip costs	35 326	10 004
Other production and production maintenance costs	68 170	46 079
Total	8 098 102	7 462 278
(4) Selling expenses		
Advertising costs	4 525 403	3 847 818
Remuneration for work	2 405 334	2 110 910
Delivery costs	1 096 397	1 083 035
Sample production costs	593 720	699 790
Mandatory state social insurance contributions	566 006	497 522

	1.01.2025 -31.12.2025 EUR (unaudited)	1.01.2024 -31.12.2024 EUR (audited)
Depreciation of property, plant and equipment and amortisation of intangible assets	1 147 076	533 432
Costs of intermediation services	523 150	587 465
Employee health insurance	33 097	43 544
Cost of maintenance services for trading platforms	173 848	135 595
Costs of promotion of trade events	120 886	98 453
Premises maintenance costs and rent	167 443	183 840
Sales activity risk insurance	23 645	25 014
Provisions for doubtful debts	49 294	-
Business trips and exhibitions costs	114 932	65 973
Royalties	6 994	17 404
WEB shop maintenance costs and other IT costs	100 592	109 747
Warehousing service costs	171 496	-
Car maintenance and fuel costs	13 017	15 992
Depreciation of fixed investments in property, plant and equipment	28 771	26 922
Other costs of sales	663 466	394 240
Total	12 524 567	10 476 696
(5) Administration expenses		
Remuneration for work	1 007 679	912 041
Office costs	268 143	264 642
Mandatory state social insurance contributions	237 083	215 337
Cash turnover incidental expenses	52 785	203 274
Premises rental and management costs	271 504	162 962
Employee health insurance	37 608	49 478
Depreciation of property, plant and equipment and amortisation of intangible assets (Note 12 and Note 13)	59 127	36 176
Personnel sustainability costs	85 257	81 424
Research, consultancy and conference costs	33 402	43 217
Employee meal costs	101 811	82 519
Securities circulation costs	19 923	19 057
Legal and other professional fees	23 623	93 618
Car maintenance and fuel costs	28 759	39 218
Net change in allowance for doubtful receivables (Note 18)	-	14 485
Travel expenses	2 472	6 272
Communication costs	21 506	21 195
Audit costs*	46 648	42 393
Other management and administration costs	171 489	160 942
Total	2 468 819	2 448 250

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

	1.01.2025 -31.12.2025 EUR (unaudited)	1.01.2024 -31.12.2024 EUR (audited)
(6) Other operating income		
Income from ERAF projects co-financing	445 045	230 298
Income from the sale of current assets	6 026	37 786
Net gain on disposal of property, plant and equipment	31 374	-
Proceeds from the sale of property, plant and equipment	33 538	-
Residual carrying amount of property, plant and equipment (Note 13)	(2 164)	-
Net gain from disposal of other non-current assets	-	3 993 704
Proceeds from the sale of the "MOSSA" brand	-	4 000 000
Residual carrying amount of non-current assets (Note 12)	-	(6 296)
Net gain from disposal of shares in subsidiary	-	578 740
Proceeds from the sale of subsidiary shares	-	578 740
Carrying amount of the investment into subsidiary (Note 14)	-	-
Net gain from disposal of other securities and investments	-	-
Proceeds from the sale of other securities and investments	-	135
Carrying amount of other securities and investments	-	(135)
Net change in allowance for doubtful receivables (Note 18)	-	-
Other income	165 986	60 035
Total	648 431	4 900 563
(7) Other operating expenses		
Donations	10 750	4 415
Employees recruitment and training costs	53 143	58 733
Net loss on disposal of property, plant and equipment	-	976
Proceeds from the sale of property, plant and equipment	-	(44 463)
Residual carrying amount of property, plant and equipment (Note 13)	-	45 439
Nature protection costs	55 619	34 355
Resold purchased goods and services	-	3 681
Labour protection costs	26 509	13 795
Representation costs	6 968	22 367
Other expenses	73 425	108 066
Total	226 414	246 388
(8) Interest and similar income		
Other interest income	116 917	219 136
Total	116 917	219 136
(9) Interest and similar expenses		
Net loss on foreign currency exchange rate fluctuations	35 411	13 549
Factoring fees	-	529
Other interest payments	76	484
Penalties paid	543	3 742
Total	36 030	18 304
(10) Corporate income tax for the financial period		
Corporate income tax calculated*	836 663	553 342
Total	836 663	553 342

*During 2025 year corporate income tax calculated on dividends distributed from retained earnings of 2024, less tax benefits



(11) INTANGIBLE ASSETS

	Concessions, patents, licenses, trademarks and similar rights (EUR)	Other intangible assets (EUR)	Intangible investment for the creation of costs (EUR)	Total intangible assets (EUR)
Cost as of 31.12.2024	2 161 338	31 226	-	2 192 564
Additions	-	-	522 553	522 553
Disposals	(1 885 130)	-	-	(1 885 130)
Transfers	492 184	-	(492 184)	-
Cost as of 31.12.2025	768 392	31 226	30 369	829 987
Accumulated amortisation as of 31.12.2024	1 114 101	16 099	-	1 130 200
Amortisation charged	576 007	6 259	-	582 266
Disposals	(1 314 229)	-	-	(1 314 229)
Accumulated amortisation as of 31.12.2025	375 879	22 358	-	398 237
Net carrying amounts as of 31.12.2024	1 047 237	15 127	-	1 062 364
Net carrying amounts as of 31.12.2025	392 513	8 868	30 369	431 750

(12) FIXED ASSETS MOVEMENT TABLE

	Land (EUR)	Leasehold improve- ments (EUR)	Equipment and machinery (EUR)	Other fixed assets (EUR)	Construc- tion in progress (EUR)	Prepay- ments for property, plant and equipment (EUR)	Total fixed assets (EUR)
Cost as of 31.12.2024	468 722	1 059 587	4 661 456	1 077 225	83 154	15 502	7 365 646
Additions	-	-	-	-	198 733	332 009	530 742
Disposals	-	-	-	(104 423)	-	-	(104 423)
Transfers	-	118 114	168 383	304 162	(243 148)	(347 511)	-
Cost as of 31.12.2025	468 722	1 177 701	4 829 839	1 276 964	38 739	-	7 791 965
Accumulated depreciation as of 31.12.2024	-	752 951	2 990 195	767 876	-	-	4 511 022
Depreciation charged	-	124 394	330 138	140 025	-	-	594 557
Disposals	-	-	-	(102 259)	-	-	(102 259)
Accumulated depreciation as of 31.12.2025	-	877 345	3 320 333	805 642	-	-	5 003 320
Net carrying amounts as of 31.12.2024	468 722	306 636	1 671 261	309 349	83 154	15 502	2 854 624
Net carrying amounts as of 31.12.2025	468 722	300 356	1 509 506	471 322	38 739	-	2 788 645

	31.12.2025 EUR (unaudited)	31.12.2024 EUR (audited)
(13) Other non-current receivables and other receivables		
Rent security deposit	102 172	101 949
Total	102 172	101 949
(14) Other securities and investments		
Other investments	691	691
Total	691	691
(15) Raw materials		
Raw materials and materials, gross value	2 468 092	2 833 196
Goods in transit	216 135	216 135
Total	2 684 227	3 049 331
(16) Finished goods and goods for sale		
Cosmetic products	1 403 616	1 326 819
Advertising materials	174 402	174 402
Goods in Transit	29 391	57 877
Allowance for slow moving inventories	(3 500)	(3 500)
Total	1 603 909	1 555 598
(17) Trade receivables		
Trade receivables, gross value	2 922 883	1 834 318
Allowance for doubtful trade receivables	(14 558)	(32 861)
Total	2 908 325	1 801 457
(18) Other receivables		
Security deposit	-	239
Other receivables	53 585	72 786
Total	53 585	73 025
(19) Other short term loans		
Short-term loan Cosmetics Nord SIA	-	690 000
Loans issued	-	990 000
Loan repayments	690 000	300 000
Other short term loan	4 500	-
Total	4 500	690 000
(20) Cash		
Cash in bank accounts	3 630 455	1 062 668
Short-term deposits in a commercial bank	2 030 000	7 538 352
Total	5 660 455	8 601 020



(21) Share capital

As at 31 December 2025, the issued and fully paid share capital of the Group's Parent Company amounted to EUR 378,298.40, comprising 3,782,984 shares (31 December 2024: EUR 378,043.40; 3,780,434 shares). Compared to 31 December 2024, the share capital increased by EUR 255 during the reporting year through the capitalisation of previously retained earnings within the framework of the employee share option programme. The nominal value per share is EUR 0.10.

AS MADARA Cosmetics operates an employee share option programme as an additional incentive and engagement mechanism. Share options may be granted to employees of the Company, heads of departments and members of the Supervisory Council who have made a significant contribution to the Company. The granting of share options is carried out by the Management Board in accordance with the procedures and limits approved by resolutions of the shareholders' meeting.

The Company does not apply the fair value model to the share option programme. In accordance with the approved structure, options are exercised at nominal value, with the corresponding increase in share capital funded from retained earnings.

During 2025, 2,550 employee share options were exercised, resulting in the issuance of 2,550 new shares to option holders.

As at 31 December 2025, a total of 29,858 granted share options remained outstanding and are scheduled to vest in future reporting periods (31 December 2024: 32,408 options). Upon exercise, these options will result in the issuance of 29,858 shares in the Parent Company to participating employees.

	31.12.2025 EUR (unaudited)	31.12.2024 EUR (audited)
(22) Taxes and social insurance contributions		
Value added tax (OSS)	414 536	279 253
Mandatory state social insurance contributions	145 026	129 722
Personal income tax	69 763	67 545
Corporate income tax	11 438	876
Other taxes and duties (Italy, United Kingdom, France)	50 966	30 872
Total	691 729	508 268
(23) Other current liabilities		
Salaries	285 656	247 308
Balance of gift cards	22 754	20 163
Other liabilities	1 309	10 841
Total other current liabilities	309 719	278 312
(24) Accrued liabilities		
Accrued liabilities for unused vacations	294 114	310 243
Accrued liabilities for employee remuneration	26 458	24 938
Accrued liabilities for services received	403 888	385 096
Accrued liabilities for goods received	303 136	206 701
Total other current liabilities	1 027 596	926 978

	Sale of goods and provision of services		Goods and services received	
	1.01.2025-31.12.2025 EUR (unaudited)	1.01.2024-31.12.2024 EUR (audited)	1.01.2025-31.12.2025 EUR (unaudited)	1.01.2024-31.12.2024 EUR (audited)
(25) Group transactions with related parties				
Cosmetics NORD SIA	3 007 679	868 183	2 187	8 048
MC PROPERTIES SIA	1 162	960	317 726	240 383
KALVI SIA	-	-	40 388	26 085
SLFNMD SIA	-	200 000	-	-
Transmeri Group Ab Oy	2 135 559	6 794 060	143 016	157 430
Kopā	5 144 400	7 863 203	503 317	431 946

	31.12.2025 EUR (unaudited)	31.12.2024 EUR (audited)
(26) Number of employees in the Group		
Average number of employees per reporting period, including:	214	207
Members of the Board in the Parent Company	4	4
Members of the Council in the Parent Company	3	5

	1.01.2024-31.12.2025 EUR (unaudited)	1.01.2023-31.12.2024 EUR (audited)
(27) Information on the remuneration of board members and council of the Parent Company		
Board members remuneration for the work at the Board	414 109	393 273
Council members remuneration for the work at the Council	5 874	6 681
Total	419 983	399 954

(28) Off-balance sheet liabilities

On 17 March 2015, the Group's Parent Company signed a premises rent agreement with SIA MC Properties 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 SIA Kalvi at 20A Baložu 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 a 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.

On 15 March 2015, a mortgage agreement was signed between A/S SWEDBANK and Group's Parent Company's lessor SIA MC PROPERTIES on pledged item - real estate on 131 Zeltinu Street, Marupe. Real estate is pledged in favour of A/S SWEDBANK and the Group's Parent Company is the guarantor for the SIA MC PROPERTIES 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 2025, the outstanding amount of SIA MC PROPERTIES loan to A/S SWEDBANK was 480 522 EUR (31 December 2024: EUR 650 640). 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 2025.

(29) Received ERAF financing

In 2025 the Group participated in and received funding from the European Union support programmes.

(30) Financial risk management

The Group's activities are exposed to a variety of financial risks: foreign currency 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 does not have any material balances of financial assets and liabilities denominated in currencies. Therefore, during the reporting period the Group's exposure to foreign currency risk was not significant.

Credit risk

Credit risk is the risk of financial losses incurred as a result of default by a counterparty on its obligation to the Group. Credit risk mainly arises from cash with banks, trade receivables and issued non-current and current loans. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its obligations in full as they fall due. Liquidity risk arises when the maturities of financial assets and liabilities do not match. The aim of the Group's liquidity risk management is to maintain sufficient amount of cash and its equivalents, and to insure the availability of funding through sufficient amount of committed bank credit line facilities to settle its obligations at a given date. The Group assesses the repayment term matching of its financial assets and liabilities and the stability of long-term investment sources of funding on a regular basis.

(31) Post balance sheet events

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

RECLASSIFICATION OF COMPARATIVE ITEM FIGURES

To improve the comprehensibility of the financial statements, in 2025 the Company's management changed the classification of Employee health insurance, which resulted in the reclassification of certain comparative items in the 2024 statement of profit and loss presented in these financial statements:

The Group's statement of profit and loss for 2024:

Item name	Amount for 2024 before reclassification / EUR	Amount of reclassification / EUR	Amount for 2024 after reclassification / EUR
Selling expenses	(10 433 152)	(43 544)	(10 476 696)
Administration expenses	(2 491 794)	43 544	(2 448 250)





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