

Rules of AS “MADARA Cosmetics” Subscription Process

1. The Organizer of the Auction – AS LHV Pank, Registration No. 10539549, legal address: Tartu mnt 2, 10145, Tallinn, Estonia, hereinafter “the Organizer”.
2. The Provider of Subscription Undertakings and settlement instruction delivery - Joint stock company “Nasdaq Riga”, Registration No. 40003167049, legal address: Vaļņu 1, Riga, Latvia, LV-1050, hereinafter “the Exchange”.
3. The subject of the Subscription process – up to 482,220 AS “MADARA Cosmetics” shares, which may be increased by up to 48,222 shares to a total of up to 530,442 shares under an over-allotment option (LV0000101624), hereinafter “the Shares”.
4. The Participants of the Auction – only licensed bank or investment firms to whom the status of Exchange Member has been assigned are eligible to participate in the Auction. Only Exchange Members selected by the Organizer (hereinafter – “Selected Members”) are able to participate in the Subscription process. Selected Members may participate in the Auction by submitting orders on own account or on behalf of its clients. The list of Selected Members can be seen at the bottom of this document as an Appendix. The Retail offering is directed to all investors in Latvia and Estonia. The Private offering is directed to individual identified non-institutional and non-qualified investors, and the Institutional Offering to institutional or qualified investors.
5. The Place of Subscription process – the Orders are submitted as buy orders entered in the Exchange Trading system, hereinafter – “Trading system”.
6. The Subscription period – the period of Subscription process takes place from October 16, 2017, 09:00 until November 3, 2017, 15.30. Buy orders can be entered in the Trading system during the Subscription period every Exchange trading day from 9:00 to 16:00. On the last day of the Subscription period, buy orders can be entered until 15:30. All times denoted are in Latvian time.
7. Settlement procedure – the Settlement date is November 9, 2017. The Settlement is provided by Nasdaq CSD SE. The Settlement shall be made according to delivery versus payment (DVP) principle individually for each transaction (gross settlement). The title to the Shares purchased in the Subscription process is obtained upon a Share’s transfer to a buyer’s respective financial instrument account which is done simultaneously with making the cash payment for the purchased Shares.
8. The Selected Members can enter buy orders in the Trading system during the Subscription process every Exchange trading day from 9:00 to 16:00 or until 15:30 on the last day of the Subscription process. The orders can be modified or cancelled until 15:30 on the last day of the

Subscription process. After 15:30 on the last day of the Subscription process orders cannot be entered, modified or cancelled.

9. The Selected Member is responsible for entering its clients' orders in the Trading system according to these Rules. The Selected Member's clients order submission takes places according to the Selected Member's internal rules and procedures.
10. The Subscription process is hidden – the Selected Members can see only own orders in the order book.
11. The orders shall be entered in submarket "RSE Equities IPO" order book MDRAUC with ISIN code LV0000101624.
12. The buy order must include:
 - a. Price of one Share;
 - b. Number of Shares;
 - c. Client reference;
 - d. Order capacity;
 - e. Time validity – "GTC" (Good-Till-Cancel);
 - f. Other information as required.
13. The price of one share is EUR 6.25.
14. In addition to the order data specified in Paragraph 12, complete Client's name, residency, ID code, securities account number and reference number (the latter being optional) shall be provided to the Exchange for each entered order. This information shall be sent in an encrypted Excel file to e-mail TSBaltic@nasdaq.com by 17:00 on the day the order is entered in the Trading system; on end date of the Subscription period by 16:00. The Client's name, residency, ID code, securities account number or reference number shall be linked with the Client reference of the entered order.
15. Order allocation will be performed by the Organizer according to the Offering Rules and will be done outside the Exchange's Trading system. Trade information will not be available in the Exchange's Trading system. Offering Rules will be made publicly available three business days prior to the Auction at website www.nasdaqbaltic.com.
16. The Exchange shall immediately but not later than the next business day after receiving information on order allocation from Organizer, send settlement instructions to Nasdaq CSD SE for settlement of the trades made as a result of the Subscription process. The Selected Member is responsible for the fact that its settlement agent, that provides settlements for the trades made as a result of the Subscription process according to the information specified in the settlement instructions, makes approvals for Nasdaq CSD SE settlements.
17. The Selected Member, in accordance to the Exchange regulations, shall pay commission fees for transactions concluded in the Subscription process on own account or on behalf of its clients according to the fees for auction transactions set forth by the Exchange.

Appendix

List of Selected Members who are eligible to participate in the Subscription process:

- ABLV Bank;
- Citadele banka;
- Credit Suisse Securities (Europe);
- Cresco Väärtpaperid;
- Danske Bank;
- Luminor Bank AS;
- Luminor Bank AB;
- Instinet Europe Limited;
- LHV Pank;
- Meridian Trade Bank;
- Norvik banka;
- Nordea Bank AB;
- Orion Securities;
- Rietumu banka;
- SEB banka;
- SEB Pank;
- SEB Bankas;
- Šiaulių bankas;
- Skandinaviska Enskilda Banken;
- Swedbank AB (Sweden);
- Swedbank AS (Estonia);
- Swedbank AS (Latvia).