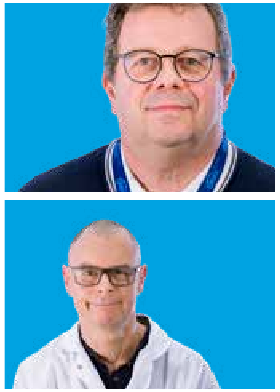

INTEGRATED ANNUAL REPORT 2022

Ontex

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Hans Van Bylen,
Chairman of the Board

"In 2022 we continued the focused execution of the fundamental strategic reorientation we embarked on 2021 in order to restore profitable growth and create value for our stakeholders."

A year of progress
despite the challenges

Dear shareholder,

Last year was a year of unprecedented challenges. A major war erupted, causing immense human suffering, creating major disruptions in the global supply chain and fueling inflation in an already highly volatile post-pandemic environment. Also our operations and input costs were heavily affected.

Despite the many actions taken to mitigate these negative factors, our financial results and market performance remained below our ambitions. Yet, in 2022 we also saw clear steps towards recovery with strong revenue growth throughout and solid margin expansion during the second half of the year as a result of our pricing initiatives and cost-saving efforts.

In 2022 we continued the focused execution of the fundamental strategic reorientation we embarked on 2021 in order to restore profitable growth and create value for our stakeholders. This strategy is to concentrate on our partner brands and healthcare business in Europe and North America. In July 2022 we signed an agreement to sell our Mexican business, with an expected closing of the transaction in Q2 2023. In parallel, we continue to explore strategic alternatives for our remaining branded businesses in the emerging markets.

To increase our agility and accelerate the transformation of our operations and business in our core markets in a challenging context, various leadership and organizational changes were made. In November 2022 Gustavo Calvo Paz assumed the role of CEO and also the size of the executive management team was reduced. The Board is convinced that Gustavo's leadership will boost the overall drive towards a leaner, more performance-driven organization.

With the same aim and to improve the effectiveness and speed of its decision-making the Board also undertook a review of its governance. As a result of this, in December 2022, we revised the size and composition of the Board and its Committees and we dissolved the Strategy Committee. To further enhance the focus on the execution of turn-around and alignment between management, Board and our shareholders, the Board also reviewed the Management remuneration policy and identified various changes that we are proposing to our shareholders at the next General Meeting.

On behalf of the Board I would like to warmly thank all Ontex leaders and employees for their resilience and commitment towards the transformation and success of Ontex, together with all our stakeholders and partners on that journey. We also thank you, our shareholders, for your continued support and engagement.

Whilst the world in 2023 will still be turbulent, we have made good progress in 2022. Building on this momentum, we are confident that Ontex and all its stakeholders will be able to reap the rewards of the execution of our collective ambition and efforts.

Hans Van Bylen,
Chairman of the Board

Number one partner

"Just like in team sports, combining individual efforts through teamwork wins the prize. Everybody plays a role, and if each of us has our responsibilities clear in our minds and commits to them, we are well positioned for success."

Gustavo Calvo Paz, CEO

PARTNER OF CHOICE FOR PARTNER BRANDS AND HEALTHCARE

The strategic vision for Ontex is simple: to be the number one partner of choice for partner retail brands and healthcare brands, in Baby Care, Feminine care and Adult Care, with leadership positions in Europe and North America. Compared to where we have been operating until recently, this means sharpening our focus on our core markets to be more efficient as a company. It is for this reason that we are strongly focused on divesting our emerging market businesses.

Working successfully with retail brands implies a high level of partnership and requires special capabilities. The reputation of our customers depends on the quality and innovative features of our products. We must ensure that we have competitively performant products, fast innovation in the market, and solid quality assurance. Our customers count on us to be reliable partners to them: they want their products on shelf at all times. That's why we need to have best-in-class customer service and we must be able to address customers' requests in an agile and effective manner. Our customers also count on us to provide affordable essential products to their shoppers. That is why it is critical for us to have cost-efficient operations. Last but not least: we also support our customers in the achievement of their own Sustainability and Transparency goals. That is why Sustainability is also a key priority for us.

Delivering great value to our customers is only possible if we have an organization that is laser-focused on execution. Having a lean, performance-driven organization is critically important to achieve this, because it means that we can make decisions quickly and our customers know who to cooperate with on our side. Also, our customers know that if they need to speak to me, they can.

ACCESSIBLE AND ACCOUNTABLE LEADERSHIP

My first priority upon being appointed CEO was to connect with our people, get to know our operations, our customers and suppliers. I wanted to see exactly what we do, and how we do it. So, upon becoming CEO, I went on a tour of our company. I visited all plants in Europe and the Americas and most plants in the rest of the world, and many of our commercial offices, customers, investors and suppliers. I introduced myself at internal town hall meetings and focused strongly on conveying our vision and strategy across the company.

True Customer Centricity | **Competitive Innovation** | **Strong Sustainability Performance** | **Cost-Efficient Operations** | **Lean, Focused, Performance-Driven Organization**

Ensuring internal clarity on our strategic priorities is key to ensure laser focus on execution and empowerment of our teams, so we can all contribute to delivering strong performance. I want our Ontex team to feel inspired by where they are taking the company, and how they can make a difference in our journey together. I am committed to delivering on this – and once I commit to something, I work non-stop until I achieve it.

Just like in team sports, combining individual efforts through teamwork wins the prize. Everybody plays a role, and if each of us has our responsibilities clear in our minds and commits to them, we are well positioned for success. I am focused on delivering business performance, and if everyone feels empowered and accountable in their roles, then we will have a winning team.

GROWING FASTER THAN THE MARKET

Our strategy has remained consistent since it was first announced in 2021, and throughout the leadership changes. Our focus since then has been – and will continue to be – on relentless execution of that strategy. The results of this commitment speak for themselves: within our strategic categories, we are growing faster than the market.

Looking ahead to 2023, we will continue to face challenges from external factors. Inflation will not go away tomorrow, and this means that consumers will become even more mindful of their spending. This will continue to create opportunities for retail brands, and we should use this as one of the levers to restore our profitability. I expect that 2023 will continue to bring a highly competitive environment, with innovation playing an ever more important role. However, a strong focus on executing on our priorities will position us well to tackle these challenges: we will strive to be efficient, innovative, fast, sustainable, and best-in-class for customer service.

Gustavo Calvo Paz,
CEO





About us

Ontex is an international personal hygiene products group with more than 40 years of experience. Our core purpose is to create a world where everyone can embrace life's many changes.

WHO WE ARE

We develop, produce and supply personal hygiene products and solutions to partner brands and healthcare providers in baby, feminine and adult care in more than 110 markets around the world, with production plants and offices in Europe, the Americas, Middle East, Africa, Asia and Australia.

OUR MISSION AND JOURNEY

At Ontex, we help everyone embrace life's many changes. We take pride in providing products that improve the quality of everyday lives around the world, supporting people from birth to old age.

Ontex is continuing to successfully implement its strategy, defined in 2021, to return to profitable growth. This is enabling the company to strengthen its leading position in core markets - in the European market, and by investing in North America, focused on partner brands and healthcare.

OUR 2022 ACHIEVEMENTS

Throughout 2022, we've doubled down on implementing our strategy, and clear progress is evident in several areas. Thanks to our **portfolio focus**, we've experienced high growth in various sub-categories, such as baby pants and adult care.

With the necessity to increase prices to counter inflation, our strategic focus on customer centricity has proved invaluable. We provide transparency about cost drivers to our customers, and together seek to find options other than pricing to identify outcomes that are mutually beneficial for us and our customers. We will continue this focus on costs in line with our strategy to be a sustainable, efficient partner for our customers.

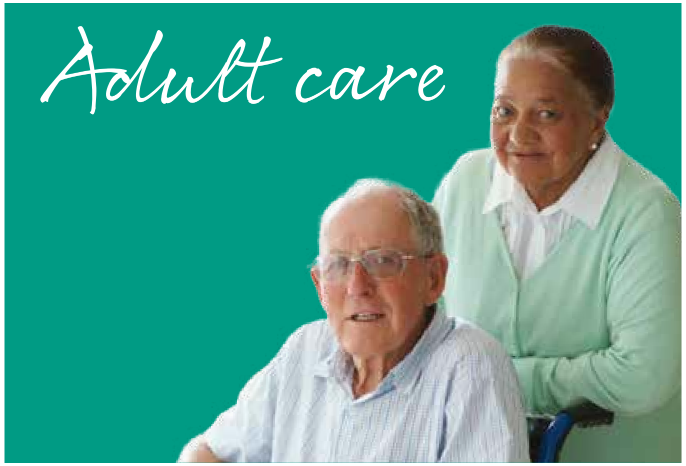
On **product innovation**, in 2022 we rolled out our Little Big Change products to our major European retail customers. Our smart incontinence management solution for institutional healthcare providers, Orizon, has undergone a lot of positive pilot testing in 2022. We have also launched, in cooperation with US retailers, a hybrid diaper with a reusable outer shell and disposable pad.

We strive for **operational excellence, best-in-class service, and cost-competitiveness**, by minimizing scrap and operating efficient product platforms that reduce costs and ease production, positively impacting customer service.

From an **environmental and social** perspective, in 2022 our work has been formally recognized. Ontex's climate action targets have been approved by the Science-based Targets initiative. Ontex also received a top 'A' rating on climate action transparency from the Carbon Disclosure Project. This helps us to strengthen our partnership with many retailers and healthcare providers who are decarbonizing their supply chains.

The resilience and pragmatism of our **organization and culture** has enabled us to respond wholeheartedly to the various headwinds of 2022, from 1 million products donated to support Ukrainian refugees, to transparent and close ongoing communication with all our stakeholders. Although Ontex was not unaffected by 'The Great Resignation', the large majority of our people chose to stay with us and showed great determination and resilience in the face of unprecedented headwinds. Teamwork and determination helped us to be a reliable partner in a unreliable environment.

Our categories: helping everyone embrace life's many changes



Caring for a baby is one of life's major changes and we are ready to help. Baby care products represent close to half of our business. We manufacture baby pants and baby diapers for retailers as well as for our own brands. Innovations such as the Climaflex® diaper absorption technology (first used in Ontex's Little Big Change brand since December 2021) make Ontex the first retail brand manufacturer to offer diaper absorption and skin comfort levels on a par with the leading A-brands in Europe.

Our innovation strategy in this category is also focused on pants and premium diaper products with strong eco/sustainability credentials. This positioning has ensured that Ontex is able to benefit from the increasing consumer preference shift from diapers to baby pants, an ongoing trend that is outgrowing the market, and one in which retail brands are gaining share. Our focus on efficiency helps us to keep baby pants affordable.

Incontinence is a major change in life, but it should not keep you down. We have more than 40 years of experience in this field and use it to help millions. Our products include pads, adult diapers and underpads sold through healthcare institutions as well as directly to retailers, other customers and consumers. This is the largest business of our combined Europe division, and we have major growth ambitions in this category. This will be achieved by maintaining our strong position in the healthcare/institutional channel while accelerating expansion in retail.

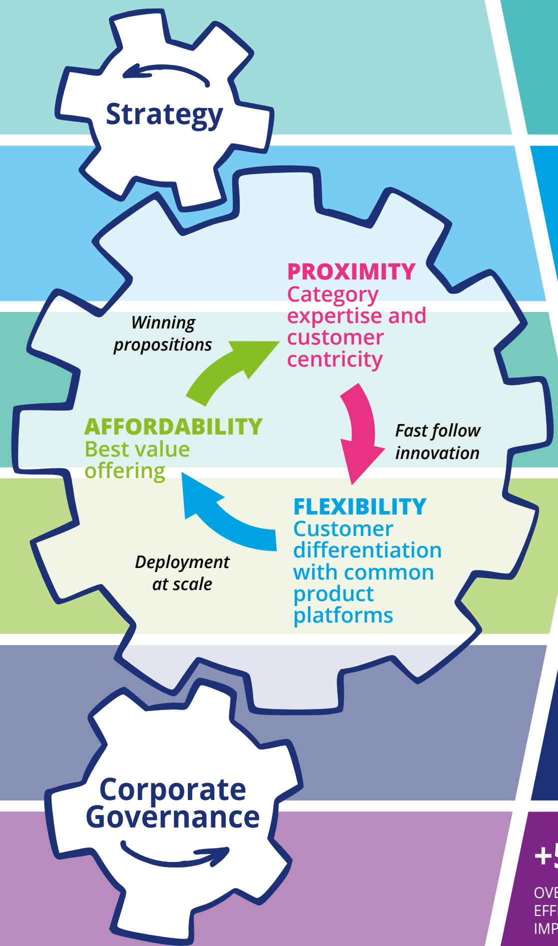
Field trials of our smart diaper solution Orizon continued successfully throughout 2022, with the goal of improving comfort, reducing waste, linen costs and staff time spent on continence care. Orizon aims to reinvent continence care in partnership with caregivers to make care simpler and easier as the population ages in many of our core markets.

We provide a range of products including ultra-towels, fluff towels, panty liners and tampons for retailers as well as our own brands. We focus on trading up through innovation and product mix in premium markets.

We expect increased growth in this category by developing more attractive products for all our markets through synergies with our North American business. To this end, we are investing in capacity in North America, as well as reinforcing our lifestyle products for feminine hygiene. We are anticipating considerable expansion of our footprint here in the next two years.

Our value creation model

Our business model



Our capital	Our input	Our output	Our impact[1]
Employees	8,800 GROUP EMPLOYEES; 20% WOMEN IN LEADERSHIP; 70+ NATIONALITIES	ACCIDENTS 3.78 PER MILLION HOURS WORKED; 81.2% RETENTION RATE	1, 3, 5
Markets & society	CUSTOMERS IN MORE THAN 110 COUNTRIES AND TERRITORIES; 1.9bn PAID TO 3,000 SUPPLIERS IN 120 COUNTRIES	€25m TAXES PAID; 49% OF PRODUCTS WITH ECO AND/OR HEALTH LABELS; 1.7m PRODUCTS DONATED TO CHARITIES	1, 3, 12
Innovation & IP	7 INNOVATION CENTERS ON 3 CONTINENTS; €20m R&D INVESTMENT	550 ACTIVE PATENTS AND APPLICATIONS; 25 NEW PATENTS	12, 13
Resources & environment	420 GWh ENERGY CONSUMPTION OF WHICH 80% RENEWABLE ENERGY; 47% RENEWABLE MATERIALS IN OUR PRODUCTS	-55% LOWER SCOPE 1-2 CARBON EMISSIONS VS 2020; 92% RECYCLING INDEX PRODUCTION WASTE; +2% INCREASE SCOPE 3 CARBON EMISSIONS VS 2020	12, 13, 15
Financial capital	€867m NET FINANCIAL DEBT; €62m CAPEX; €506m MARKET CAPITALIZATION	€2.46bn REVENUE; €136m ADJ EBITDA; €(54)m CASH FLOW	1, 5
Operations	17 FACTORIES	+5% OVERALL EQUIPMENT EFFECTIVENESS (OEE) IMPROVEMENT; -15% SCRAP REDUCTION; 22bn HYGIENE ITEMS PRODUCED	12, 13, 15

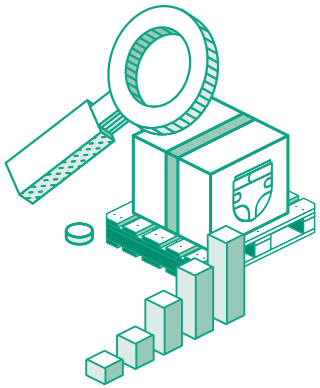
1 Ontex has identified six UN Sustainable Development Goals on which it can have the most impact, through its operations or across the value chain, in line with the materiality analysis. You can read more about this topic in section 1.5.4. of the sustainability statements of this report.

Our strategy

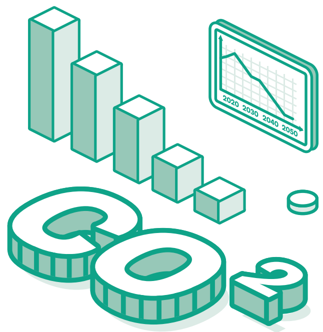
We believe driving growth with sustainable healthy margins requires a fundamental step-change of our competitiveness: strengthened customer-facing business, sustainable cost efficiencies and laser-focused execution. We have set five strategic priorities.

True Customer Centricity

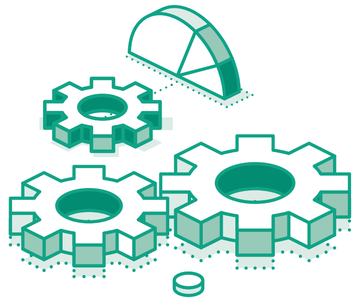
Competitive Innovation



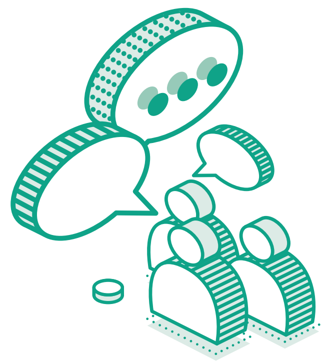
Strong Sustainability Performance



Cost-Efficient Operations



Lean, Focused, Performance-Driven Organization



TRUE CUSTOMER CENTRICITY

Ontex has headroom for growth that we can further unlock by restoring sustained competitive advantage in an intensely competitive environment. Whilst innovation and cost efficiency are essential to our competitiveness, true customer centricity across the entire organization is a must to allow sustained success in the market. In our customer centricity journey, we aim to deliver better service, better trust and closer working relationships with our customers to gain share among partner brands manufacturers and/or drive retailer brands penetration. We offer our customers a consumer-relevant range of products that allows them to differentiate in the market whilst leveraging scale internally to manage complexity in a smart way.

COMPETITIVE INNOVATION

We are responding directly to the consumers' and customers' needs by providing high-quality, innovative and affordable products to retail partners and relevant solutions for institutional healthcare. To remain competitive, we must deliver innovation fast to our retail partners. Our innovation priorities and ways of working are geared towards greater efficiency and speed in deployment. We leverage our global product platforms with intentional design for scale, we collaborate closely with engineering and suppliers to get primary, privileged and exclusive access to the latest developments, and we ringfence access to development lines.

STRONG SUSTAINABILITY PERFORMANCE

Sustainability is a key priority for our long-term business success and aligns with our corporate purpose. Sustainability is also a key priority for our customers, and to be the #1 partner of choice for our partners, we must provide solutions that allow them to deliver their own sustainability agenda. Our sustainability agenda is set across four key pillars:

(1) Climate action with Scope III strategies integrated with our suppliers and customers. We want to reduce emissions across our operations (scope 1-2) with 80% by 2030 and with 25% in our value chain (scope 3) by 2030 compared with 2020.

(2) Plastic reduction through development of circular solutions across our operations, products and packaging. Our Innovation agenda supports our circularity efforts.

(3) Building trust through our commitment to an inclusive and fair society. We aim for gender parity and continuous improvement in occupational health and safety, with the ambition of zero occupational accidents by 2030.

(4) Sustainable and transparent supply chain by driving positive change throughout our supply chain to protect people, climate and biodiversity, and by ensuring compliance with the laws and regulations of the markets in which we operate.

COST-EFFICIENT OPERATIONS

Running cost-efficient operations is critical for us to be able to provide affordable essential products to our customers whilst ensuring sustainable value creation for our shareholders. Transforming our operations towards optimum cost competitiveness is a key priority for us. This transformation relies on end-to-end complexity reduction, assets upgrade and optimization, network optimization and continuous operational excellence. We are committed to delivering 4% cost reduction year-on-year.

LEAN, FOCUSED, PERFORMANCE-DRIVEN ORGANIZATION

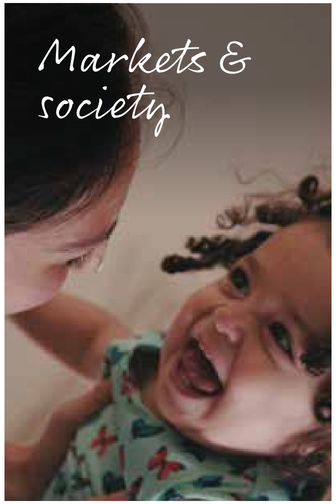
We ensure laser-focus across the entire organization on our key strategic priorities. We are in the progress of divesting our emerging markets businesses and we are also further strengthening focus within our core markets.

Delivering strong business performance is a team effort. We are building a lean and performance-driven organization to improve our ability to execute. We have a simple and flattened organizational structure to enable fast decision-making and execution, and strong cross-functional teamwork. We continuously seek to optimize our ways of working. We empower our teams and strengthen the resilience and engagement of our people through leadership. We leverage reward systems that focus on alignment with shareholders, financial and other interests and drive a high level of accountability and teamwork.

Our performance

Ontex is a place where every employee counts, is accountable, and can make a difference. We're also proud to be an employer that provides opportunities for professional development, career progression and job mobility. We drive KPIs collaboratively, working across functional teams to achieve outstanding results. Together, we're better.

Read more



Markets are central to the Ontex strategic vision: to be the number one partner of choice for partner retail brands and healthcare brands, with leadership positioning in our core markets of Europe and North America. Our societal goals include helping people to embrace life's many changes and delivering great value and high-quality products for our customers.

Read more

At Ontex, we believe in innovation – in fact, we're one of the leading Belgian companies for number of patents filed. Our technical knowledge and strong relationships with suppliers and customers enable us both to anticipate and to respond fast to changing consumer and customer preferences.

Read more

Our focus on efficiency means that we minimise waste and keep products affordable. Ontex is recognised by both the Carbon Disclosure Project and the Science-Based Targets Initiative for our continuous work on sustainability. As a company, we aim to have carbon neutral operations (scope 1-2) by 2030. Energy is a key part of that strategy: the Ontex Group's total is 93% of electricity consumption from renewable sources.

Read more

Ontex has a 'can do' approach, and this determination enabled the company to successfully navigate major adverse headwinds affecting the entire industry, including inflation and supply chain disruption. For Ontex, the combination of pricing, cost savings, and cash discipline has resulted in significant margin recovery.

Read more

Ontex's ongoing industrial transformation journey means that we are a resilient and agile company. We're consolidating our diverse asset base, optimising our networks and increasing robustness by manufacturing close to our customers. So far, we've doubled our historical structural cost reduction and momentum is continuing, with the aim of doubling cost savings again in 2023.

Read more

Employees

Jonas Deroo, Chief Human Resources and Legal Officer

> “Ontex’s culture varies from place to place, but what never changes is the connection to our PRIDE values. These five corporate values define what we stand for at Ontex. Everywhere you go, there is a living spirit of these values – people have understood them and integrated them into their work.

Passion
We champion Ontex in everything we do.

Reliability
We deliver on expectations.

Integrity
We each take responsibility for doing the right thing.

Drive for results
Only our best is good enough.

Everyone
We work together to achieve our shared goals.

HIGHLIGHTS

Ontex people are accountable, persistent, resilient, passionate, and determined to win. Our teams have endured and delivered, despite the challenging headwinds of 2022, through **collaborating across functions**. In October 2022, we gathered our top eighty people and shared success stories. Collaboration across functions drove the success of those projects and outcomes, regardless of the function that those involved were representing or the country that they were based in. It shows that when we work together, we can do amazing things.

In 2022, **Ontex donated more than 1.7 million products to charity**, mainly focusing on Ukraine. This linked back to the core purpose of our company: helping people embrace life’s many changes. Driving accessibility to personal care and hygiene products is a critical part of that purpose, and Ontex has played an important role in supporting wider society during this time of crisis. See https://ontex.com/news/ontex-donates-1-million-hygiene-products-for-refugees-from-ukraine/

>1.7 M
PRODUCTS DONATED TO CHARITY

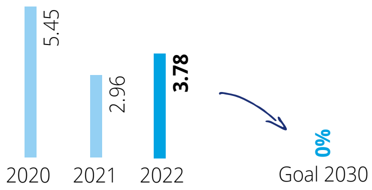
STAKEHOLDER APPROACH

In 2022, we've further aligned our short-term incentive programs so that we can **drive KPIs collaboratively**. This is not only for executives: anyone eligible for the manager incentive plan is included. For example, the teams in commercial and operational functions have an aligned objective around inventory. The plant controls some inventory sales and contributes to the inventory discussion, such as how much is needed of which products, etc. Collaboration on driving optimal inventory across the company is a way to achieve better inventory and working capital results.

Ontex also intensified its **talent review and succession planning process** in 2022. This has enabled our people managers to think about their own job mobility and professional development within Ontex, and to see their people not just in the jobs they are in today, but in the jobs they might hold in the future. This strategic engagement in the war for talent means that our most talented employees are supported to further deepen their careers and advance within the organization and ensures cohesion between the executive level and the wider organization.

PERFORMANCE

HEALTHY & SAFE WORKING CONDITIONS (ACCIDENT FREQUENCY RATE)



0 accidents

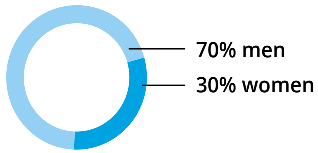
IN 6 ONTEX PLANTS IN 2022

> 8,800

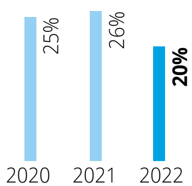
EMPLOYEES

> 75

DIFFERENT NATIONALITIES



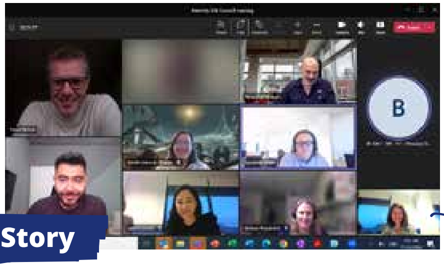
FEMALE MANAGEMENT



Trends

TAILWINDS
- **Hybrid working is here to stay**
- **Diversity, equity and inclusion**
- **Job creation and internal mobility**

HEADWINDS
- **Siloes and steep hierarchy**
- **Isolation due to Covid**
- **Fragmented actions**



Story

Diversity, equity and inclusion are business drivers

At Ontex, we believe that diversity, equity, and inclusion are fundamental principles of an organizational culture that can enable our people to perform to the best of their abilities. It also helps them feel that the work they do has meaning – something that is at the core of performance culture. In 2022, much progress has been made on further embedding these principles, with executive sponsors, and business executives leading this topic. That is important because this is a business topic, not only an HR topic. We have also built a **Diversity, Equity & Inclusion Council** with representatives from across the organization: all people who are passionate about this subject and understand its importance. As a team, we're drawing up a roadmap to take us to 2030 and beyond. This is the framing of key ambitions: gender parity, building an inclusive company and work environment, and advancing equity. With that, we will achieve so much more – that is the true advantage of diversity.

We're embedding the Code of Ethics into company-wide practice. Our 'Speak up' lines allow people to raise concerns anonymously and confidentially and are in widespread use. Those compliance-related issues are automatically raised, investigated, and escalated to senior management and board level as appropriate. Since this has been put in place, a series of issues have been resolved.

Our belief is that integrity, ethics, and compliance are fundamental parts of our PRIDE values and necessary for success. We've introduced a global onboarding program which is deployed locally – so now those key behavioral policies are part of the onboarding of any Ontex employee.

KEY MESSAGES

- **With high hiring figures in 2022, Ontex creates local jobs. We support local economies, local businesses, and local people with the jobs we create in our operations around the world.**
- **Ontex employees are essential to our shared success. At Ontex, your input matters, your voice is heard, and you can make a difference.**
- **Diversity, integrity, ethics, and compliance are integral to the way we work and the way we do business.**
- **Ontex is continuing to boost collaboration across teams and flatten hierarchies, to enable optimal shared outcomes and increase internal mobility.**

Markets & society

HIGHLIGHTS

In Europe, we've seen a **continuation of high growth in various sub-categories**. Retail brands are gaining share within the shift for baby pants versus diapers. Previously we had identified the growth potential in adult care products given the favourable demographics, and 2022 has seen high growth in this category, as well as a better-than-expected performance in feminine care in part driven by the resurgence of interest in retailer brands offering cheaper alternatives to key national brands.

In North America, Ontex has had **double-digit growth** since acquiring the business unit in 2016. 2022 has been a year of growth and of doubling down on our strategy, our product portfolio, our capacity investments and our supply footprint in North America. That is the signal to all our stakeholders – customers, employees, suppliers, investors – that **we are here to stay** and that we are committed to growth in the market. We expect that growth to continue and accelerate in 2023 and beyond.

Ontex's presence in North America benefits from the international purchasing power of Ontex in securing materials, packaging, and freight, and from the company's broader cost-reduction initiatives. Our investment in the **new Stokesdale (North Carolina) facility** which opened in July 2022 makes us the only value-tier baby supplier with bi-coastal manufacturing operations.

STAKEHOLDER APPROACH

Pricing has been the most dramatic change in our relationship with our customers in 2022. Historically, we adjusted prices every one to three years. In 2022, much larger price increases happened far more frequently, and outside of the normal contract cycle.

Our approach to pricing with our customers is **collaborative and based on transparency and clarity**. We offer tranparency on cost drivers and position pricing discussions in a broader agenda: we try to find other solutions to navigate the current inflationary environment. These could be removing costs where possible along the value chain, rethinking the definition of the product, or tweaking products to make them more cost-effective. The goal is to find the right balance between a price that works for us, and what the consumer is willing to pay. We try to offer options so that they can get as much value as possible from their purchases.

While the magnitude of today's crisis is new, consumers facing hard choices is not. It is something we have encountered in every recession or period of high unemployment, so we and our customers understand how to quickly adapt our portfolios.

PERFORMANCE

8%

PRICES WERE UP 8% IN OUR CORE MARKETS OF EUROPE AND NORTH AMERICA ON AVERAGE IN 2022, GRADUALLY INCREASING FROM **2%** IN THE FIRST QUARTER TO **14%** IN THE FOURTH QUARTER, SUPPORTED BY CONTRACT RENEGOTIATIONS. ADDITIONAL PRICING ACTIONS ARE BEING EXECUTED TO RESPOND TO THE PERSISTING INPUT COST INFLATION, WHICH ROSE FASTER THAN PRICING AND WHICH CONTINUES TO RISE.

NEW FACILITY IN STOKESDALE, NORTH CAROLINA, USA

Laurent Nielly, President of the Europe Division

"The emphasis is on a continual effort to improve the efficiency with which we serve our customers. We are working with them on a series of measures – not just pricing, but also product design, to help find solutions so we can continue to offer great options to consumers without sacrificing product performance and quality.

Trends

TAILWINDS

- **High growth in baby pants, adult care category and feminine care in retail**
- **Average +20% growth across emerging markets**
- **Cost reductions with increased cross-functional collaborations**

HEADWINDS

- **Unprecedented levels of inflation throughout 2022 and still in early 2023**
- **Some volatility in demand and supply**
- **Birth rate decline in large part of Europe after recent improvement**

Story

Ontex shows solidarity for Ukrainian refugees

Following the outbreak of war in Ukraine in February 2022, the whole organization came together to find solutions for Ukrainian refugees, and donated more than one million products. It was truly amazing, although our biggest contribution was that we kept supplying retailers in Ukraine under extremely difficult circumstances. When many competitors left, we stayed and supplied essential care products to the local people.

By mid March 2022, more than one million donated items were shipped to people in need in Poland and Ukraine. Hygiene items like diapers, feminine care pads, tampons and adult care products were shipped through Ontex's own supply chain network and with trucks of other production companies, charities and non-governmental organizations.

To ensure that donated products benefit the most vulnerable groups in society, Ontex has established a donation policy with guiding principles to increase the transparency of donations. For example, it ensures that donated goods reach the right place.

These actions are consistent with the human-centred approach of Ontex which was in evidence throughout the pandemic, with four million products donated.

KEY MESSAGES

- **Ontex has started to restore profitability in Europe and consolidate of our leadership position, providing greater exposure to growth products in our categories.**
- **Pricing efforts are set to continue, albeit at a slower rate than in 2022.**
- **Ontex is the only value-tier baby supplier with bi-coastal manufacturing operations in North America.**
- **Emerging markets growth was more than 20% in 2022. Margin expansion was driven by pricing discipline, reducing business complexity, and tackling unprofitable business sections.**

In May 2022, Ontex donated 6,000 sanitary napkins to 29 schools and boarding schools of the non-profit association SKOG in Ghent, Belgium to combat rising menstrual poverty.

In February 2022, Ontex donated 50 laptop computers through local charity 4Dewereldgroep Aalst to help school children from disadvantaged families to follow lessons from home.

Innovation

Annick De Poorter, Executive Vice-President R&D and Sustainability

"Ontex is united in one vision, and this creates the right culture and shapes a lean, performance-driven organization. Lean performance means being efficient, having good processes in place, clear project leads, and people who will deliver. That is where we are focusing our energy.

HIGHLIGHTS

In the baby care category, **the consumer preference for baby pants versus diapers has proven to be a growth engine** for Ontex. Our product is a winner in the market, so with these expanding market volumes, we're extending our product range and adding sizes to the entire range. Ontex contains transformation costs by operating large product platforms. The key aspect is production with the same equipment. This goes hand-in-hand with design: our products are made with affordability, flexibility, and sustainability in mind.

Ontex is one of the leading Belgian innovation companies for the number of patents filed. We collaborate closely with our intellectual property team which is consulted for patentability and freedom-to-operate checks at the appropriate time and before further resources are invested into the development. The intellectual property team also advises on possible risks and mitigation options before a final product is developed. The in-depth analysis that goes into these checks is a balance between cost and benefit for the business.

STAKEHOLDER APPROACH

Ontex's Global Excellence Center in Mayen, Germany, is key to our customer-centricity approach. It keeps us close, not only to our customers, but also to our suppliers, who come to the center and get direct feedback from the trials we perform there. Our customers can examine samples from our trials, which show them the different options and offerings. It reinforces the connection between R&D teams, commercial teams, and our customers.

Our R&D community is made up of product developers who know the market well. They develop products according to the needs of the business and customers and at a high speed. In October 2022, Ontex received a request from a major retailer and formulated the action plan in 48 hours. The new product design was ready for home-use testing three months later. To have a new product in three months might seem impossible, and yet, at Ontex, it's a reality.

PERFORMANCE

20 million

IN 2022 INNOVATION REPRESENTED SOME €20 MILLION IN OPERATIONAL AND CAPITAL INVESTMENT

17% LFL

IN **BABY CARE** REVENUE GREW 17% LIKE FOR LIKE IN OUR CORE MARKETS IN 2023. THE RETAILER BRAND CHANNEL WAS FAVORABLE OVERALL, WITH VOLUME GROWTH DRIVEN BY BABY PANTS, WHILE DIAPERS WERE LARGELY STABLE. THE SUCCESS OF ONTEX'S INNOVATION PLATFORM IS DEMONSTRATED BY THE MARKET UPTAKE OF ITS NEW BABY PANT PLATFORM HAPPYFIT®. DEVELOPED IN 2020, IT WAS BROUGHT TO THE MARKET IN 2021 AND REPRESENTS THE BULK OF ONTEX'S GROWTH IN THE BABY CARE CATEGORY IN 2022.

Trends

TAILWINDS
- **Accelerated innovation: new baby care product sample in three months**
- **Positive pilot testing for Orizon**
- **Little Big Change products rolled out to our major European retail customers**
- **Shorter time for qualification process to mitigate supply chain risk**
- **Less complex product portfolio**
- **Less scrap waste in production process**

HEADWINDS
- **Volatility in supply requiring constant qualification of new materials and suppliers**

Story

Sustainable and efficient products to meet new legislative requirements and consumer needs

Increasingly stringent **environmental and sustainability regulations** are set to have a huge impact going forward. Already, Ontex is gearing up to ensure compliance with recent legislation, such as the Non-Financial Reporting Directive, the Corporate Sustainability Due Diligence Directive, and the Corporate Sustainability Reporting Directive. The requirements of these directives concern a range of segments and subjects across the organization, including on matters such as climate transparency.

Efficiency in production is part of Ontex's sustainability journey. That's one of the driving forces behind our large product platforms. Design elements change, but the production is on the same equipment – no need for multiple sets of machines, which drive costs up. The product differentiation that we offer retailers comes from using different raw material, which is much easier to handle on the machines and doesn't require new, expensive equipment.

This approach has enabled us to bring an adapted baby pant design from our European towards our US market, with minimum transformation cost. We have tested that design in the US with great success, and are now actively working with our customers to fully launch in the US by the third fiscal quarter of 2023.

The two main costs that come into play are the bill of material – the raw materials needed for our products – and the transformation costs – what it takes to convert that raw material into our finished product. Keeping scrap low is a great way to cut down on costs because if **less raw material is going to waste**, that means we are using as much as possible of the material we have paid for.

We have a lean team who are working continuously on sustainability.

Read more in the Sustainability statements of this report.

Resources & environment

Jim Skinner, Vice President and General Manager, Ontex North America

"Our core European market has traditionally been more focused on sustainability. However, this is now accelerating in our US core market - both from a consumer awareness and behavioral perspective, as well as via legislative or retailer-driven initiatives. Ontex is accelerating its sustainability drive in all markets to ensure continued compliance with regulatory and customer-driven requirements.

HIGHLIGHTS

2022 has been an important year in Ontex's sustainability journey. **Ontex's climate targets were validated** by the Science-Based Targets Initiative in 2022. We continued to build out our renewable energy generation, with a major solar installation completed at our factory in Ortona, Italy. We're aiming at achieving carbon-neutral operations by 2030 as part of our company-wide sustainability strategy.

Ontex received an **A-rating for leadership in corporate transparency and performance on climate change** from the Carbon Disclosure Project. In 2022, we reconfirmed our B rating for sustainable forestry, and we continue to support our suppliers and other stakeholders in our value chain in our collective efforts to reduce negative environmental impacts.

Read more about our CDP A rating on page 20

A MASSIVE SOLAR PANEL INSTALLATION COVERS A LARGE PART OF THE ELECTRICITY CONSUMPTION OF ONTEX'S PLANT IN ORTONA, ITALY

STAKEHOLDER APPROACH

Across our industry, there is a growing understanding from our partners, suppliers, and customers that **we all have to work together to reduce our impact on the planet**. The topic of sustainability is rising in importance, alongside concerns over inflation and stability of supply.

Ontex is actively engaging with our customers to explain our approach and **identify common areas of partnership**. These include working together along the value chain to ensure efficiency, reducing the size of product packages so that more can fit into each shipment which therefore uses less fuel in the long run, and consulting our customers on the use of recycled material, even if it means compromising on minor details such as print quality.

A key driver in our sustainability journey is the move to Scope 3. Some of our customers are reaching out to ask how our Scope 3 target is defined, and how we can work towards it together.

For example, we're taking measures to aggressively reduce the quantity of material used in production; the green energy and carbon-neutral plans in the majority of our plants remain ongoing, and we're also working with our suppliers to ensure that we use an increasing ratio of recycled material wherever possible, especially in packaging.

What are Scope 3 emissions?

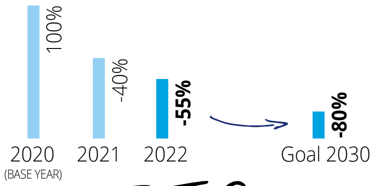
Greenhouse gas emissions are categorised into three groups or 'Scopes' by the most widely used international accounting tool, the Greenhouse Gas Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

At Ontex, Scope 3 emissions account for 98% of our total emissions. **Read more in the Sustainability statements section of this report.**

98%
OF OUR TOTAL EMISSIONS ARE SCOPE 3 EMISSIONS

PERFORMANCE

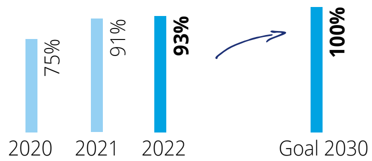
SCOPE 1-2 EMISSIONS



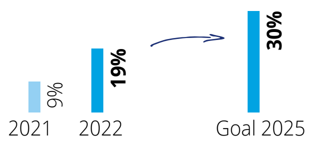
-55%

SCOPE 1-2 EMISSIONS IN 2022 VS BASE YEAR 2020

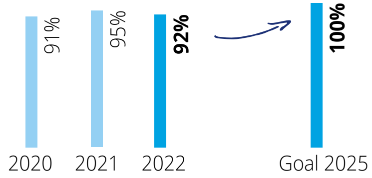
RENEWABLE ELECTRICITY



PLASTIC BAGS WITH RECYCLED CONTENT



RECYCLING INDEX MANUFACTURING WASTE



5 plants

WITH SOLAR PANELS

Trends

- **SUSTAINABILITY REPORTING AND ACCOUNTABILITY: 2022 saw an influx of new sustainability legislation and regulatory requirements around the world. We anticipate governments will enact even more sustainability, circularity, and ESG-oriented laws and rules.**
- **NATURE AND BIODIVERSITY: With the launch in 2021 of the Taskforce on Nature-related Financial Disclosures and the continuous pressure on biodiversity we anticipate increasing actions on protecting nature and biodiversity.**
- **CIRCULAR ECONOMY IMPLEMENTATION: With new regulations being implemented throughout Europe to reduce plastic waste, increase recycling and reuse, and overall improve circularity and waste efforts this trend will continue to rise in importance.**
- **SUPPLY CHAIN DUE DILIGENCE: Transparency will be even more important. Organizations will engage their suppliers on sustainability, as well as going deeper into their supply chains to understand raw materials sourcing, going beyond tier 1.**
- **KEEPING THE CLIMATE CRISIS UNDER CONTROL: According to recent UN Climate Change reports, we're on track for a 2.5°C increase in global temperatures by 2100 based on current rates of implementing emissions reduction strategies. More organizations will set science-based targets which align with countries' goals of committing to the 1.5° c limit.**

Story

Ontex receives climate leadership A rating from the Carbon Disclosure Project

Ontex is working continuously on sustainability. In 2022, our efforts were recognised with the award of an A-rating for leadership in corporate transparency and performance on climate change from the global environmental non-profit Carbon Disclosure Project (CDP). Ontex is one of only four Belgian companies to receive such a positive rating.

This is an indication of how seriously we as a company take the basic elements of sustainability. Climate is one of our pillars; we're anticipating a lot of new regulations in this area in the coming years, so it is a major element in Ontex. We have already set targets for 2030 in the company's 2030 sustainability strategy, and we will be putting intermediate targets in place to help us get there.

Ontex received its top climate action rating thanks to the transparency on its lean internal climate action governance, reducing carbon emissions from its operations by 55% versus 2020 and sourcing 93% of the electricity used in its plants worldwide – 100% in its European plants – from renewable sources.

CDP's annual disclosure process is widely recognized as the gold standard of corporate environmental transparency. In 2022, over 680 investors with over US$130 trillion in assets and 280 major purchasers with US$6.4 trillion in procurement spend requested companies to disclose data on environmental impacts, risks and opportunities through CDP's platform.

In 2022, Ontex reconfirmed its positive CDP B-rating for sustainable forestry. Sustainable forestry is key to Ontex because forests provide the paper fluff and pulp for the company's personal care products. Ontex sources 100% of its fluff from controlled or certified sources. The company invests in a monitoring system to identify the sources of its agricultural raw materials. Monitoring sources enables Ontex to support suppliers with sustainable practices.

For more information on Ontex' sustainability strategy and goals, see https://ontex.com/sustainability

CDP
DISCLOSURE INSIGHT ACTION
A LIST 2022
CLIMATE

Story

Ontex activates large solar power installation in Italy

In October 2022, Ontex completed a large solar installation at the site of its factory in Ortona, Abruzzo region, Italy. The solar plant will produce more than 10 GWh of electricity per year, equivalent to the yearly consumption of around 3,400 households. The Ontex factory in Ortona now houses one of Italy's largest systems for on-site solar power generation and consumption. The system was developed and financed by the company Menapy Italia srl, who also installed Ontex's solar power installation in Eeklo, Belgium and Segovia, Spain.

Annick De Poorter, Ontex's Executive Vice President for R&D and Sustainability, said: "We can now produce around a quarter of the electricity we need to manufacture essential hygiene goods at our factory in Italy. This is another step towards our goal to have carbon-neutral operations by 2030."

Ontex plans to become carbon-neutral by 2030. Our energy strategy is a key part of that target; we aim to be less dependent on energy from the grid through onsite renewable energy generation, energy conservation, and purchasing energy from renewable sources.

Towards that end, the company is opening solar power installations in our core markets in Europe and the Americas to produce more energy onsite. Ontex's factories in Italy and eight other European countries run on 100% electricity from renewable sources. The Ontex Group's total is 93% electricity from renewable sources.

KEY MESSAGES

- **Our sustainability goals are an integral part of our sourcing, manufacturing processes, operations, and long-term business strategy.**
- **The Carbon Disclosure Project has recognised Ontex's efforts with an A-rating for leadership in corporate transparency and performance on climate change, and a B-rating for sustainable forestry.**
- **With significant progress already made in cutting Scope 1 and 2 emissions, Ontex is engaging with stakeholders along our value chain to reduce Scope 3 emissions.**

Financial

HIGHLIGHTS

All in all, 2022 has been a year like no other: a year of strong delivery but also one of massive market headwinds. Inflation has been running extremely high and the whole industry has suffered from supply disruption, following the geopolitical and economic turmoil. As a result, our cost base was severely impacted, explaining the lower profitability compared to 2021.

Based on a solid commercial foundation, largely built in 2021, we grew our volumes consistently by mid-single digits. This clearly marked a difference with the past years, by leveraging the innovation pipeline and rebuilding customer relationships. A key driver to margin recovery has been pricing: beginning cautiously, as it took us time to renegotiate the contracts with our customers, but ramping up every quarter, to well above 10% by year end. Revenue thereby grew to a record level.

Operational cost saving initiatives were also pursued, to reach a consistent year-over-year cost reduction of about 4%, an effort we intend to continue in the coming years. Combined with the price increases, these mitigated the major disruptions in the first half of the year and led to a year-over-year improvement in the second half. We will continue to make gradual margin recovery by focusing on the underlying value drivers.

While our ability to recover is clearly shown in the P&L results, the balance sheet recovery needs more time. Net financial debt rose over the year, mostly as working capital needs increased to support the growing revenue. Combined with lower profitability, this led leverage to peak at the end of October, to show improvement over the fourth quarter with a recovering profitability. While we intend to bring leverage down further, our gross debt is structurally solid, mostly consisting of the fixed rate bond as well as the term loan that we will repay with the proceeds of the upcoming divestment of the Mexican assets.

STAKEHOLDER APPROACH

Pricing has been an ongoing discussion with our customers in 2022, while we improved service levels over the year. Throughout 2022, we have been strongly focused on protecting and securing service levels, considering the disruption and nonavailability of some materials. We decided to keep higher stocks of raw materials, so that we could protect service levels.

With Ontex equity and bond investors, we maintain a transparent dialogue around performance drivers and explaining how we have been making progress on those drivers. These exchanges are critical as they enable us to show the underlying factors that are delivering our results quarter after quarter, and that the bottom line adds up well.

Working with our suppliers, the major topics of the year were pricing, supply certainty, the requalification of suppliers, alternative supply routes and other supply options.

PERFORMANCE

TOTAL GROUP REVENUE WAS

€2,464 million

UP 17%

WHILE ADJUSTED EBITDA MARGIN FOR THE TOTAL GROUP WAS DOWN TO

5.5%

FOR THE YEAR, IT SHOWED SIGNIFICANT RECOVERY IN Q4 '22 TO 7.6%.

Peter Vanneste,
Chief Financial Officer

"Our can-do approach is a major part of Ontex' organizational culture. We keep going, even when external circumstances make it very complicated. We focus on what we can control - that is where we can make a difference - and that really has enabled the recovery in the second half of 2022.

Trends

HEADWINDS

- **High inflation throughout 2022, likely slowing in the course of 2023**
- **Industry supply disruption**
- **Cash conversion cycle under stress with volume and inflation growth, yet improving**
- **Raising interest rates**
- **Economic slowdown in 2023**

TAILWINDS

- **Pricing accelerating throughout the year to more than 10%**
- **Cost optimization pursued at high level**
- **Steady mid-single digit volume and mix growth in 2022**
- **Margin recovery toward year end**

KEY MESSAGES

- **Throughout 2022, and in the face of major disruptions, Ontex has demonstrated strong commitment to our strategy, and strategic execution. In 2023, we will continue maintaining our strategic clarity, and pursue our goals without hesitation.**
- **Our focus on operational levers has proved worthwhile and rewarding in 2022. The combination of robust volume growth, accelerated pricing and steady cost savings has resulted in significant margin recovery in Q4.**
- **Part of the DNA of Ontex is problem-solving and forward-thinking. Our teams have put a lot of energy into finding fast and pragmatic solutions for concerns as they arose. We all united in intention, making sure we acted quickly and wisely in pricing, cost savings, cash discipline and ensuring growth – and that has consolidated us as an organization.**

Story

Rapid and effective response to high inflation

The high inflation mode we brought in was another strength this year, as well as our pricing discipline and our agility in managing the route to market. We have managed to find the right channels to optimize the way we reach our customers.

We have been ruthless with costs, and we have left no stone unturned because bringing costs down was an absolute necessity.

Price management has been key, and rather than wait for the contract roll-over, renegotiations were initiated with all customers in our core markets. Year-on-year prices increases in our core markets rose from 2% in the first quarter to 14% in the fourth quarter, averaging 8% for the year and more pricing is to come. Despite this, our brands have been resilient and we have not lost market share – to the contrary, retailer brands gained market share versus A-brands.

In emerging markets, price increases were even more substantial, averaging 19% versus 2021. These were easier to implement as we sell mostly our own branded products there, but inflation levels were even higher as well. This was especially the case in Turkey, where we were dealing with 90% inflation. We switched to high inflation mode, where we adapt our operations faster, and with a broader magnitude. For example, rather than reviewing salaries once per year, we did it every quarter. Price increases went from being yearly to almost monthly and went up by more than 10% instead of the usual percentage point increases.

THE ONTEX TEAM IN ISTANBUL, TURKEY DURING AN OFFSITE ACTIVITY

Operations

HIGHLIGHTS

Fully aligned with our strategy of being an efficient, sustainable producer, Ontex is continuing to work on efficiency, scrap reduction, and lowering carbon emissions. The implementation of the cost reduction program continued and has led to additional savings which were 40% higher than in 2021, a testimony to the organization's capability in accelerating our cost savings initiatives. That momentum is continuing, with the aim of reaching a 4% reduction of the cost base again in 2023. The goal is to deliver better service levels and accelerated cost reductions based on the agility and capabilities we have developed this year.

Contributing to the robustness of our operations, Ontex manufactures relatively close to our customer base. Our approach is to invest in core markets and have local production lines, where needed to offer the best service to our customers. Regarding the global supply chain, particularly in the US, we have high ambitions for local sourcing within the economic area.

Vincent Crepy,
Chief Supply Chain Officer

"What makes Ontex a great employer is that every employee contribution matters to us, and everyone makes a difference, from the line operators to the plant manager. It's energizing to see everyone taking on these challenges together and being so resilient. That is very fulfilling and satisfying to see.

STAKEHOLDER APPROACH

As Ontex's industrial transformation journey progresses, ongoing and transparent communication enables our stakeholders to accept and work with the necessary changes.

For our internal stakeholders (employees), maintaining employee engagement and retention as we work through our divestment agenda has been key. Part of our approach was to exchange openly at the level of individuals, and the outcome was very positive: establishing an approach of ensuring job security through performance. This is exactly what our teams have done. We have lost very few people, despite all of the uncertainty. They have worked incredibly hard, in very complicated circumstances, and they have been remarkably committed, passionate, and resilient.

In fact, the divestment projects brought a lot of teams closer together. Going through such a difficult time made each local team much stronger, and they focused their energy on caring for their piece of the business so that they could protect it and create value for that business and the wider Ontex group

PERFORMANCE

THE OVERALL COST BASE FOR THE TOTAL GROUP ROSE

21%

DUE TO INFLATION

OPERATIONAL COST REDUCTION MEASURES DELIVERED

€81 million

IN GROSS SAVINGS, THEREBY MAINTAINING THE MOMENTUM TO REDUCE COSTS ANNUALLY BY ABOUT

4%

Trends

TAILWINDS
- **Sophistication in manufacturing, engineering, and product development**
- **Faster qualifying speed of new suppliers**
- **Reduction of shortage levels, as experienced in 2022**
- **Softening of inflation in raw materials**

HEADWINDS
- **Demand for technical skills**
- **Tight labor market in many countries**
- **Volatility in energy prices**
- **Gas supply in Europe**
- **Inflation level in services and equipment**

KEY MESSAGES
- **Successful cost optimization in 2022 is set to further accelerate in 2023.**
- **The ongoing industrial transformation is enabling agile and resilient operations, along with increasingly sophisticated technical expertise and deployment.**
- **In 2023, we aim to continue to restore our service level after the last two years of unprecedented external disruptions, so that we continue to be the partner of choice for our partners and customers.**
- **Our focus is on robust, local supply chains and manufacturing close to core markets.**

Story

Ontex's ongoing industrial transformation: resilient and agile

Ontex's strategy is based on superior customer service, competitive product performance, and being an efficient sustainable producer. An **important element of executing the strategy is optimising our network**. For example, we shut down our German factory in 2022, allowing us to move volume to Eastern Europe. This also improves customer service, as the consolidation of production means we can share capacity across multiple customers. We invest constantly in faster, more reliable machines, which increases our efficiency and reduces our scrap, in turn saving on costs and energy.

Ontex's ongoing industrial transformation is a journey, especially because of our extremely diverse asset base. This is driven by our desire to customize but is not always compatible with our ability to be a highly affordable producer. Ontex is **increasing our capacity utilization by consolidating production in fewer production sites and fewer product lines**. We will continue to build platforms to meet new customer requirements, which constantly change and evolve. This notwithstanding, the fact that we have higher revenue with fewer plants and are using a smaller number of faster machines shows we are moving in the right direction.

There have been multiple challenges industry-wide in 2022, but we have remained resilient and avoided major disruptions, which was recognized by many customers who could continue to offer full shelves to their consumers. In the midst of turmoil, we have still been able to deliver and to satisfy our customers, which shows our flexibility.

Story

Smart and agile procurement helps Ontex successfully navigate through global turmoil

Supply chain disruption was simply a fact of life across the industry in 2022. The phenomenon of COVID-19 showed its fat tail early in 2022, with blocked ports disrupting trade flows and the breakout of war driving unprecedented price volatility.

In the face of these challenges, Ontex's procurement teams took an agile approach to supply, and leveraged their knowledge of the market. Cross-functional collaboration between teams made a major contribution to mitigating supply chain risks. The procurement team flagged raw material supply risks to R&D teams, who in turn accelerated qualification processes to avoid running out of stock and maintaining service levels. The R&D and industrialization teams collaborated to mitigate any shortages.

Our resilience comes from our ability to stay agile. One of the ways we have done this is by changing suppliers at a high speed – we have been able to qualify our new suppliers at double our previous rate, helping to take the edge off supply shortages. One of our key suppliers has told us that we are their fastest-qualifying international customer - a testament to Ontex's agility. We value this type of external recognition because the whole organisation has mobilized to alleviate a 'perfect storm' of issues throughout 2022. We were highly flexible in switching between suppliers and working in an agile way with strategic suppliers to keep raw material flows going. We tested and introduced new materials fast, often co-developed with our strategic suppliers and through flexibility and agility of our teams. We will continue this approach into 2023.

FLEXIBILITY IN SWITCHING BETWEEN SUPPLIERS AND AGILE WORKING THROUGHOUT 2022 KEPT ONTEX RAW MATERIAL FLOWS GOING.

Corporate Governance, Risk & Remuneration

Corporate Governance Statement

THE COMPANY IS COMMITTED TO UPHOLDING HIGH STANDARDS OF CORPORATE GOVERNANCE. IT APPLIES THE BELGIAN CORPORATE GOVERNANCE CODE (2020) FOR LISTED COMPANIES (THE "2020 CORPORATE GOVERNANCE CODE"), WHICH CAN BE FOUND ON THE WEBSITE OF THE BELGIAN CORPORATE GOVERNANCE COMMITTEE (HTTP://WWW.CORPORATEGOVERNANCECOMMITTEE.BE).

FURTHER, THE COMPANY HAS ADOPTED A CORPORATE GOVERNANCE CHARTER WHICH DESCRIBES THE MAIN ASPECTS OF THE COMPANY'S CORPORATE GOVERNANCE, INCLUDING ITS GOVERNANCE STRUCTURE AND THE TERMS OF REFERENCE OF THE BOARD OF DIRECTORS (THE "BOARD"), THE BOARD COMMITTEES AND THE EXECUTIVE COMMITTEE. THE CHARTER IS AVAILABLE ON THE COMPANY'S WEBSITE (HTTPS://ONTEX.COM/INVESTORS/LEADERSHIP).

HIGHLIGHTS OF 2022 CORPORATE GOVERNANCE MATTERS

The Company continues to invest in building a "best-in-class" corporate governance, as it believes this serves as a catalyst for the accelerated implementation of Ontex's strategic plan and its return to profitable growth. The Company focuses, among others, on the following five corporate governance themes: leadership, governance, remuneration, environment and sustainability, and investor engagement. Within these themes, several highlights are summarized in this Corporate Governance Statement (and the Remuneration Report that forms part of it).

With respect to leadership and governance, the Company took a number of actions. First, at executive level, the Board appointed Mr. Gustavo Calvo Paz as new Chief Executive Officer, with effect from November 14, 2022, succeeding Ms. Esther Berrozpe. Second, the size of the Board was reduced from twelve to nine directors, with effect from January 1st , 2023. Such reduction aims to allow the Board to better serve the acceleration of the execution of Ontex's strategy. Finally, following the initial deployment in 2022 of Ontex's new strategy, the Board decided to dissolve the Strategy Committee. This Committee had been established in April 2021 as a temporary committee to support the re-definition of the Company's strategy. The Strategy Committee was dissolved with effect from January 1st, 2023.

Building on work performed within the Remuneration and Nomination Committee, the Board and the Executive Management continued various initiatives to review and adopt organizational designs and reward systems and to strengthen succession and development management at the different levels of the organization. With these initiatives, Ontex aims to reinforce a dynamic and performance-based culture, accelerate strategic decision-making and implementation, and build a solid, current and future, leadership base.

ESG remains at the core of Ontex's strategy. In December 2022, Ontex received a top 'A' rating for leadership in corporate transparency and performance on climate change from global environmental non-profit organization Carbon Disclosure Project (CDP). Ontex improved on the scores achieved in 2021 and before. Based on data reported through CDP's 2022 Climate Change questionnaire, Ontex is one of a small number of companies that achieved the highest 'A' rating, out of more than 15,000 companies evaluated by CDP. Ontex received its top climate action rating as a result of the transparency on its lean internal climate action governance, reducing carbon emissions from its operations by 40% between 2020 and 2021 and sourcing more than 90% of the electricity used in its plants worldwide – 100% in its European plants – from renewable sources. In addition, Ontex remains strongly committed to its Sustainability Strategy 2030, which includes ambitious, quantified targets and a clear roadmap, and which can be found on Ontex's website (https://ontex.com/wp-content/uploads/2020/05/Sustainability-strategy-2030.pdf).

Lastly, Ontex continues to invest in shareholder engagement. Building on its earlier corporate governance roadshows, Ontex conducted multiple in-depth discussions with investors and proxy advisors through a corporate governance roadshow in early 2022. Ontex is committed to continuing and further reinforcing this dynamic dialogue and alignment with investors and other stakeholders.

AMBITION GOING FORWARD

The Board reconfirms its ambition to be an example in corporate governance matters, as it sees this as an important value-add for the business. Going forward, the Board will continue its optimization endeavors on various levels. In 2020, it adopted a roadmap with actions towards that goal, covering such areas as Board leadership, strategic, risk and ESG alignment, people and composition, structure and process, and Board culture. In September 2021, the Board dedicated an extensive workshop to evaluating its progress made on that roadmap and agreed on further actions in each of these areas based on the assessment that was made. In the course of 2022, the Board continued this work and focused, among others, on Board composition and size, Board and Executive Committee succession planning and CEO and Executive Committee assessment and development.

1. Board and Executive Management

1.1. BOARD COMPOSITION

On December 31, 2022, the Board was composed as follows:

Name	Mandate Board	Other board mandates per December 31, 2022	Mandate since	Mandate expires
ViaBylity BV, permanently represented by Hans Van Bylen	Chair, Independent Director	Etex NV, Lanxess AG, AkzoNobel	2020	2024
Regina S.à r.l., permanently represented by Regi Aalstad	Independent Director	McBride Plc, Plair SA, Gmelius	2019	2025[1]
Ebrahim Attarzadeh	Non-Executive Director	PGS, MusicBird AG	2022	2026
Inge Boets BV, permanently represented by Inge Boets	Independent Director	Econoholding NV, Econopolis NV, Econopolis Wealth Management NV, Qrf, Euroclear Holding NB, Euroclear Investments NV, Euroclear NV	2014	2026
Michael Bredael	Non-Executive Director	Upfield Group BV, Canyon Bicycles GmbH, Affidea	2017	2025
Alane SRL, permanently represented by Aldo Cardoso	Non-Executive Director	Bureau Veritas, Imerys, Worldline, DWS (Deutsche Wealth Management)	2019	2023[2]
Isabel Hochgesand	Independent Director	N/A	2021	2025
HVV GmbH, permanently represented by Jesper Hojer[3]	Non-Executive Director	Meatless Farm, Everli, Tom&Co	2021	2025
MJA Consulting BV, permanently represented by Manon Janssen	Independent Director	Gimv, Puratos, Ecorys	2021	2025
Paul McNulty	Independent Director	N/A	2022	2026
Rodney Olsen	Non-Executive Director	Mary Crowley Cancer Research	2021	2025

[1] Regina S.à r.l., permanently represented by Ms. Regi Aalstad, resigned from the Board with effect from January 1st, 2023.

[2] Alane SRL, permanently represented by Mr. Aldo Cardoso, resigned from the Board with effect from January 1st, 2023.

[3] With effect from October 1st, 2022, JH GmbH, permanently represented by Mr. Jesper Hojer (Non-Executive Director), resigned from the Board. With effect from the same date, the Board approved the co-optation of HVV GmbH, permanently represented by Mr. Jesper Hojer, as new (Non-Executive) Director for the remainder of the term of JH GmbH and to be submitted for approval to the Company's next shareholders' meeting.

Jonas Deroo, Chief HR and Legal Officer, is Secretary of the Board.

Further details on the changes in Board composition are detailed in chapter 1.2 of this statement.

The biographical information, skills and experience of each member of the Board as at December 31, 2022 are summarized below. This includes information on other director mandates held by these members. The Company considers that its directors possess the right competencies to guide and support Management in positioning the Company on the path to accelerated value delivery.

HANS VAN BYLEN

Chair of the Board of Directors, Independent Director

On May 25, 2020, ViaBylity BV, with Mr. Hans Van Bylen as permanent representative, was appointed as Independent Director and Chair of the Board. Mr. Van Bylen, formerly CEO of Henkel AG, brings Ontex his deep knowledge of the industrial and consumer goods sector and a wide breadth of experience spanning the FMCG industry, retail brand space, manufacturing and supply chain, digitalization, sustainability and leadership development. Mr. Van Bylen previously served on the boards of GfK, Ecolab, the Consumer Goods Forum, the Alliance to End Plastic Waste and has been president of the German Chemical Industry Association (VCI). Moreover, he has also been member of the European Round Table for Industry (ERT). In addition, Mr. Van Bylen is also a board member at Etex, Lanxess and AkzoNobel . Mr. Van Bylen holds a Master of Business Economics and an MBA from Antwerp Universities RUCA and UFSIA and certificates from executive education courses at Harvard Business School, INSEAD and IMD.

REGI AALSTAD

Independent Director

Ms. Regi Aalstad has been an Independent Director since 2017. Ms. Aalstad has extensive leadership experience in global fast moving consumer goods, including in the categories in which the Company is active. Ms. Aalstad has held Regional General Manager and Vice President positions with Procter & Gamble in Asia, Europe, Middle East and Africa. Ms. Aalstad currently serves on the Board of McBride PLC, several tech start-ups and is an advisor to private equity. Ms. Aalstad has previous board experience at the Geberit Group, the Telenor group and as chair of an international NGO. Ms. Aalstad holds a Master of Business Administration in International Business from University of Michigan, USA.

EBRAHIM ATTARZADEH

Non-Executive Director

On May 5, 2022, Mr. Ebrahim Attarzadeh was appointed as a Non-Executive Director upon the nomination of ENA Investment Capital LLC. Mr. Attarzadeh has more than 20 years' experience in investment banking, including in capital markets. He was CEO of Mainfirst Schweiz AG, a financial institution, from 2011 until 2014, and CEO and Head of Equities of Stifel Europe Bank AG until end of 2021. Prior to that, he held other positions at Mainfirst Bank AG, and prior to that at Deutsche Bank and Arthur Andersen. Currently, Mr. Attarzadeh is the Co-Founder and CEO of Callirius AG.

INGE BOETS

Independent Director

Inge Boets BV, with Ms. Inge Boets as its permanent representative, was appointed as Independent Director as of June 30, 2014. Ms. Boets chairs the Audit and Risk Committee. She was a partner with Ernst & Young from 1996 through 2011 where she was the Global Risk leader and held several other roles in audit and advisory. Currently, Ms. Boets is also an independent director and chair of the audit and compliance committee at Euroclear (Euroclear Holding NB, Euroclear Investments NV and Euroclear NV), chair of the board of directors at Qrf City Retail and chair of the board of directors at Econopolis (Econoholding NV, Econopolis NV, Econopolis Wealth Management NV). In addition, Ms. Boets is the owner and manager of La Scoperta BV. Ms. Boets holds a master degree in applied economics from the University of Antwerp, Belgium.

MICHAEL BREDAEL

Non-Executive Director

On May 24, 2017, Mr. Michael Bredael was appointed as Non-Executive Director upon the nomination of Groupe Bruxelles Lambert (GBL). Mr. Bredael is an Investment Partner at Groupe Bruxelles Lambert since 2016. He started his career at Towers Watson as a consultant in the United States (Atlanta and New York) in 2003 before joining the BNP Paribas Group in 2007. Mr. Bredael held various investment banking positions at BNP Paribas, across different offices (New York, Paris, Brussels and London), particularly focusing on cross-border M&A transactions. From 2014 to 2016, he was Head of the M&A Execution Group of BNP Paribas London. Mr. Bredael is director of Upfield Group BV, Canon Bicycles GmbH and Affidea, as a representative of Groupe Bruxelles Lambert. Mr. Bredael holds a master's degree in applied economics from EHSAL (KU Leuven).

ALDO CARDOSO

Non-Executive Director

On May 24, 2019, Mr. Aldo Cardoso was appointed as a Non-Executive Director upon the nomination of Groupe Bruxelles Lambert (GBL). Mr. Cardoso is the chair of the board of directors at Bureau Veritas and a Senior Advisor to CVC. Mr. Cardoso is a member of the board of directors of Imerys, Worldline and DWS (Deutsche Wealth Management – Frankfurt). Mr. Cardoso spent 24 years with Arthur Andersen in various senior leadership positions, including as the Firm's Senior Partner, Non-Executive Chair of Andersen Worldwide, President of Andersen for the Western European, and President of Andersen France. Mr. Cardoso has been Senior Advisor at Deutsche Bank (Global Banking – Paris) from 2010 to 2014 and then at Deutsche Bank infrastructure fund in London from 2015 to 2018. Further, he has been a member of the Lehman Brothers European Advisory Committee (2004 to 2008) and has served on the board of directors of various listed companies, including Orange, Accor, Rhodia, Gecina and Mobistar.

ISABEL HOCHGESAND

Independent Director

On May 25, 2021, Ms. Isabel Hochgesand was appointed as an Independent Director. Ms. Hochgesand is an executive with extensive international experience in procurement, supply chain, and marketing of consumer goods, including in the personal hygiene sector. She is Chief Procurement Officer at Beiersdorf AG, a German multinational specialized in personal care products. Prior to that, Ms. Hochgesand held various senior roles in various countries worldwide at Procter & Gamble, mostly of her 25 years of tenure in the personal hygiene sector. Ms. Hochgesand was also the Managing Director for Supply Chain for P&G in Germany, Austria and Switzerland for all brands.

JESPER HOJER

Non-Executive Director

On May 25, 2021, Mr. Jesper Hojer was appointed as a Non-Executive Director upon the nomination of Groupe Bruxelles Lambert (GBL). Mr. Hojer has vast experience in the consumer goods and retail sectors, as well as with the creation and implementation of digital solutions in the retail sector, and has a broad international outlook. He was the CEO of Lidl International, one of the largest international chains of grocery stores. Currently, Mr. Hojer is a senior advisor at McKinsey & Company Inc., and also acts as chair of The Meatless Farm and Tom&Co and as board member at Everli.

MANON JANSSEN

Independent Director

On May 25, 2021, MJA Consulting BV, permanently represented by Ms. Manon Janssen, was appointed as an Independent Director. Ms. Janssen is an executive with highly recognized experience in the fields of marketing, ESG and professional services in the public sector. She began her career at Procter & Gamble where she worked for 16 years in different countries and where she was responsible for major brands in the Paper and Health & Beauty Care divisions. In 2000, she became Vice President Marketing & Innovation at Electrolux Europe and in 2005 she became Chief Marketing Officer worldwide at Philips Lighting. Ms. Janssen currently is the CEO and chair of the board of management of Ecorys, an international research and advisory company on ESG-related public policy matters. In addition, she chairs several expert committees in the field of energy transition and climate change, and is a director at Gimv and Puratos.

PAUL MCNULTY

Independent Director

On May 5, 2022, Mr. Paul McNulty was appointed as an Independent Director upon the nomination of Veraison SICAV – Engagement Fund, one of the Company's shareholders. Mr. McNulty is Senior Partner and Member of the Executive Committee of Veraison Capital AG, the asset manager responsible for the Veraison SICAV – Engagement Fund, since June 2020. Prior to that, he spent five years as a senior analyst with Sterling Strategic Value Limited (Monaco), the investment advisor for Sterling investment funds. From 2000 until 2015, he was a senior fund manager with Setanta Asset Management, an active global value-oriented investment manager. Prior to that, Mr. McNulty was a consultant with PriceWaterhouseCoopers.

RODNEY OLSEN

Non-Executive Director

On May 25, 2021, Mr. Rodney Olsen was appointed as a Non-Executive Director upon the nomination of ENA Investment Capital LLC. Mr. Olsen is an experienced international finance executive within the FMCG sector. He is a former CFO of Kimberly Clark's APAC division, and prior to that he held various senior roles at Kimberly Clark, including CFO International, CFO Global Finance Operations and CFO of the EMEA region and was responsible for large international M&A transactions. Prior to joining Kimberly Clark, he was senior manager audit at EY, and senior manager SEC Reporting at the LTV Corporation. Mr. Olsen is also a board member at Mary Crowley Cancer Research.

COMPETENCY MATRIX

The following table shows the capabilities that have been identified as important to have, given Ontex's current context and strategic challenges, and how the Board's current composition covers these.

	Hans Van Bylen	Inge Boets	Michael Bredael	Isabel Hochgesand	Manon Janssen	Jesper Hojer	Rodney Olsen	Ebrahim Attarzadeh	Paul McNulty
Experience									
Current/Past CEO	•				•	•		•	
International Experience	•	•	•	•	•	•	•	•	•
Expertise									
Executive in FMCG/Retail	•			•	•	•	•		
Functional Executive (Operations, Procurement, Commercial)	•			•	•	•			
Financial/Audit		•	•				•	•	•
Capital Markets			•					•	•
Sustainability	•		•	•	•		•		
Diversity									
Gender									
Male	•		•			•	•	•	•
Female		•		•	•				
Regional origin									
Belgium	•	•	•		•				
International				•		•	•	•	•
Compliance									
Independent Director	•	•		•	•				•

1.2. BOARD EVOLUTION IN 2022

The composition of the Board underwent the following changes during 2022:

- With effect from January 11, 2022, the Board accepted the resignation of Mr. Frédéric Larmuseau, who was an Independent Director.
- With effect from the Company's annual shareholders' meeting of May 5, 2022, Mr. Philippe Costeletos (Non-Executive Director) resigned from the Board. On that same date, the mandate of Inge Boets BV, permanently represented by Ms. Inge Boets, was renewed, and Mr. Ebrahim Attarzadeh (Non-Executive Director, appointed upon nomination of ENA Investment Capital LLC) and Mr. Paul McNulty (Independent Director, appointed upon nomination of Veraison SICAV – Engagement Fund) were appointed to the Board.
- With effect from October 1st, 2022, JH GmbH, permanently represented by Mr. Jesper Hojer (Non-Executive Director), resigned from the Board. With effect from the same date, the Board approved the co-optation of HVV GmbH, permanently represented by Mr. Jesper Hojer, as new (Non-Executive) Director for the remainder of the term of JH GmbH and to be submitted for approval to the Company's next shareholders' meeting.
- On November 9, 2022, Mr. Gustavo Calvo Paz resigned from the Board. Mr. Calvo Paz was subsequently appointed as new CEO of the company with effect from November 14, 2022.
- Finally, with effect from January 1st, 2023, Regina S.à r.l., permanently represented by Ms. Regi Aalstad (Independent Director), and Alane SRL, permanently represented by Mr. Aldo Cardoso (Non-Executive Director), resigned as Directors.

1.3. BOARD RESPONSIBILITIES AND ENGAGEMENT

The individual attendance rate to the Board meetings during 2022 was as follows:

Name	Board Attendance[1]	Attendance Rate
ViaBylity BV, permanently represented by Hans Van Bylen	21/21	100%
Regina S.à r.l., permanently represented by Regi Aalstad	21/21	100%
Ebrahim Attarzadeh[2]	12/12	100%
Inge Boets BV, permanently represented by Inge Boets	21/21	100%
Michael Bredael	21/21	100%
Gustavo Calvo Paz[3]	17/19	89.47%
Alane SRL, permanently represented by Aldo Cardoso	20/21	95.24%
Philippe Costeletos[4]	8/9	88.89%
Isabel Hochgesand	17/21	80.95%
HVV GmbH, permanently represented by Jesper Hojer	20/21	95.24%
MJA Consulting BV, permanently represented by Manon Janssen	16/21	76.19%
Paul McNulty[5]	12/12	100%
Rodney Olsen	20/21	95.24%

[1] The attendance rate is based on the number of Board meetings held during the mandate of the respective Board members.
[2] Ebrahim Attarzadeh joined the Board as from May 5, 2022, and only 12 Board meetings occurred after that date.
[3] Gustavo Calvo Paz resigned from the Board on November 9, 2022 and only 19 meetings of the Board occurred before that date.
[4] Philippe Costeletos resigned from the Board on May 5, 2022 and only nine meetings of the Board occurred before that date.
[5] Paul McNulty joined the Board as from May 5, 2022, and only 12 Board meetings occurred after that date.

During 2022, the Board met 21 times, with an attendance rate of 93.94%. The number of Board meetings is explained, among others, by the Board's close follow-up on Ontex's strategic projects, including its divestment projects. In addition, the agenda of the Board meetings included recurring items such as the oversight of the operational and financial performance, and review of the Company's medium and long-term strategy and business plan.

1.4. BOARD REVIEW AND ASSESSMENTS

In early 2021, the Company conducted a periodic Board assessment with the assistance of an external advisor, including a review of the composition and competencies of the Board. This led to the nomination of new directors to the Board for approval by the annual shareholders' meeting held in May 2022 (see under "Board evolution in 2022" above). In the course of 2022, the Board continued its review and assessment work and focused, among others, on Board composition and size, Board and Executive Committee succession planning and CEO and Executive Committee assessment and development.

1.5. BOARD COMMITTEES

2022 highlights

In December 2022, following the successful initial deployment of Ontex's new strategy, the Board decided to dissolve the Strategy Committee. This Committee had been established in April 2021 as a temporary committee to support the re-definition of the Company's strategy. The Strategy Committee was dissolved with effect from January 1st, 2023.

Audit and Risk Committee

In accordance with Article 7:99, §2 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, all members of the Audit and Risk Committee are Non-Executive Directors. While the legal requirement is to have at least one member who is independent, the Board decided that the Audit and Risk Committee should comprise a majority of independent members and that the mandate of Chair of the Audit and Risk Committee cannot be cumulated with the mandate of Chair of the Board. The chair and members of the Audit and Risk Committee collectively have the required skills and expertise regarding accounting and audit matters.

On December 31, 2022, the Audit and Risk Committee was composed as follows:

Name	Position
Inge Boets BV, permanently represented by Inge Boets	Independent Director, Chair of the Audit and Risk Committee
Michael Bredael	Non-Executive Director
Rodney Olsen	Non-Executive Director
ViaBylity BV, permanently represented by Hans Van Bylen	Independent Director

As from January 1st, 2023, Mr. Paul McNulty joined the Audit and Risk Committee as an additional member.

During 2022, the Audit and Risk Committee met six times. The attendance rate was 100%:

Name	Meetings Attended [1]	Attendance rate
Inge Boets BV, permanently represented by Inge Boets	6/6	100%
Michael Bredael	6/6	100%
Rodney Olsen	6/6	100%
ViaBylity BV, permanently represented by Hans Van Bylen	6/6	100%

[1] The attendance rate is based on the number of Board Committee meetings held during the mandate of the respective Board members.

Jonas Deroo, Chief HR and Legal Officer, is Secretary of the Audit and Risk Committee.

The Audit and Risk Committee is entrusted with the tasks set out in Article 7:99, §4 of the Belgian Code of Companies and Associations. It decided on the agenda, frequency and topics of its meetings, and reviewed the external and internal audit plan as well as compliance reporting, the half year financial statements and the external review on the half-year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates, the key risks, and the ESG agenda of the Company.

With respect to its roles and responsibilities, as further described within the Ontex' Corporate Governance Charter, the Board formally tasked the Audit and Risk Committee with the oversight of the Company's ESG initiatives, including to:

- assess, review and prepare the decision-making of the Board on ESG actions and practices presenting new opportunities for the Company;
- monitor and oversee the process for the development of ESG information and identify ways to integrate ESG information into the reporting cycle; and
- measure and monitor the Company's performance on ESG matters and their impact on society in order to take account of the multidimensional nature of corporate social responsibility.

Remuneration and Nomination Committee

In accordance with Article 7:100, §2 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, all members of the Remuneration and Nomination Committee are Non-Executive Directors and the majority of the members are independent in accordance with the criteria set out in Article 7:87, §1 of the Belgian Code of Companies and Associations. The members also have the necessary expertise in the field of remuneration.

On December 31, 2022, the Remuneration and Nomination Committee was composed as follows:

Name	Position
ViaBylity BV, permanently represented by Hans Van Bylen	Independent Director, Chair of the Remuneration and Nomination Committee
Alane SRL, permanently represented by Aldo Cardoso	Non-Executive Director
Ebrahim Attarzadeh	Non-Executive Director
Isabel Hochgesand	Independent Director
MJA Consulting BV, permanently represented by Manon Janssen	Independent Director

As from January 1st, 2023, Alane SRL, permanently represented by Mr. Aldo Cardoso, left the Remuneration and Nomination Committee as a member. As from that same date, HVV GmbH, permanently represented by Mr. Jesper Hojer, joined the Remuneration and Nomination Committee as an additional member.

During 2022, the Remuneration and Nomination Committee met 12 times. The attendance rate was 95.83%:

Name	R&N Committee Meetings Attended [1]	Attendance Rate R&N Committee
ViaBylity BV, permanently represented by Hans van Bylen	12/12	100%
Alane SRL, permanently represented by Aldo Cardoso	12/12	100%
Philippe Costeletos[2]	5/5	100%
Isabel Hochgesand	11/12	91.67%
MJA Consulting BV, permanently represented by Manon Janssen	10/12	83.33%
Ebrahim Attarzadeh[3]	7/7	100%

[1] The attendance rate is based on the number of Board Committee meetings held during the mandate of the respective Board members.

[2] Philippe Costeletos resigned from the Remuneration and Nomination Committee on May 5, 2022 and only five meetings of the Remuneration and Nomination Committee occurred before that date.

[3] Ebrahim Attarzadeh became a member of the Remuneration and Nomination Committee as from May 5, 2022, and only seven meetings of the Remuneration and Nomination Committee occurred after that date.

Jonas Deroo, Chief HR and Legal Officer, is Secretary of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee is entrusted with the tasks set out in Article 7:100, §5, of the Belgian Code of Companies and Associations.

During 2022, the Remuneration and Nomination Committee's work included the following topics, which also explains the number of meetings that took place:

- changes within the Board and Board succession;
- reviewing the remuneration policy;
- review of performance and remuneration of the Executive Committee members; and
- succession and leadership assessment and development, including the succession of the former CEO.

Strategy Committee

The Strategy Committee was established in April 2021. The purpose of this committee was to reshape the Company's strategic agenda, to expedite the Board's strategic decision-making, and to shift focus to long-term, forward-looking actions.

On December 31, 2022, the Strategy Committee was composed as follows:

Name	Position
ViaBylity BV, permanently represented by Hans Van Bylen	Independent Director, Chair of the Strategy Committee
Regina S.à r.l., permanently represented by Regi Aalstad	Independent Director
HVV GmbH, permanently represented by Jesper Hojer	Non-Executive Director
Paul McNulty	Independent Director

During 2022, the Strategy Committee met five times. The attendance rate was as follows 96%:

Name	Strategy Committee Meetings Attended[1]	Attendance Rate Strategy Committee
ViaBylity BV, permanently represented by Hans Van Bylen	5/5	100%
Regina S.à r.l., permanently represented by Regi Aalstad	4/5	80%
Gustavo Calvo Paz[2]	5/5	100%
HVV GmbH, permanently represented by Jesper Hojer	5/5	100%
Paul McNulty[3]	2/2	100%

[1] The attendance rate is based on the number of Board Committee meetings held during the mandate of the respective Board members.

[2] Gustavo Calvo Paz resigned from the Strategy Committee on November 9, 2022. Only five meetings of the Strategy Committee occurred before that date.

[3] Paul McNulty became a member of the Strategy Committee on May 5, 2022. Only two meetings of the Strategy Committee occurred after that date.

Jonas Deroo, Chief HR and Legal Officer, was Secretary of the Strategy Committee.

- As set forth in Article 5.4 of the Ontex Corporate Governance Charter, the Strategy Committee advised the Board principally on matters regarding the Company's strategy and long-term value creation, and, in particular:
- focusing on the Group's sense of purpose, strategic priorities and values as a key driver for innovation, growth and leadership;
- assessing industry developments and the impact of industry trends and changes in the competitive activity on the business plan and the Company's performance;
- reviewing the Company's medium and long-term strategy and the business plan, as prepared by the Executive Committee before being submitted to the Board;
- preparing the decision-making of the Board in relation to strategic aspects of transactions or other operations presented to the Board. To this end, the Strategy Committee issues recommendations on strategic transactions or other strategic operations (such as acquisition or disposal of companies/significant assets, creating or discontinuing presence in a country, diversification into a new business or discontinuation of a certain business, the entry into or termination of strategic alliances or longer-term cooperation agreements, etc.) presented by the CEO and/or the Executive Committee to the Board; and
- monitoring the implementation of strategic projects and of the business plan including the Company's progress against strategic goals.

During 2022, the Strategic Committee focused mainly on strategic review and the examination of strategic growth projects and opportunities.

In December 2022, the Board decided to dissolve the Strategy Committee with effect from January 1st, 2023.

1.6. EXECUTIVE MANAGEMENT

The following table shows the composition of the Executive Committee on December 31, 2022:

Name	Position per December 31, 2022
Gustavo Calvo Paz	Chief Executive Officer
Peter Vanneste	Chief Financial Officer and Executive Vice-President Finance and IT
Vincent Crepy	Chief Supply Chain Officer
Laurent Nielly	President of the Europe Division
Stephanie McDonald	Executive Vice-President Human Resources
Annick De Poorter	Executive Vice-President R&D and Sustainability
Jonas Deroo	Executive Vice-President Legal and Secretary General

Executive management evolution in 2022

The Board appointed Mr. Gustavo Calvo Paz as new Chief Executive Officer, with effect from November 14, 2022, succeeding Ms. Esther Berrozpe.

Changes after December, 31, 2022

With effect from February 1st, 2023, Ms. Stephanie McDonald resigned from the Executive Committee. Her responsibilities were assumed by Mr. Jonas Deroo, acting as Chief HR & Legal Officer.

Taking this change into account, the following paragraphs set out the biographical information, skills and experience of the current members of the Executive Committee.

GUSTAVO CALVO PAZ

Chief Executive Officer

Mr. Gustavo Calvo Paz has vast international experience as an industry executive with an extensive background in operations, business turnarounds, and strategy within the FMCG sector. Prior to his appointment as CEO, Mr. Calvo Paz was a member of the Board since May 25, 2021. He was previously the president of Kimberly Clark's EMEA division, and was an executive member of Kimberly Clark's Global Leadership Team. Prior to that, he held various senior roles at Kimberly Clark.

PETER VANNESTE

Chief Financial Officer and Executive Vice-President Finance and IT

Mr. Peter Vanneste took up the position of Chief Financial Officer on May 1st, 2021. Mr. Vanneste brings vast experience in finance and general management in the FMCG sector from his time in senior roles at Jacobs Douwe Egberts, where he was Group CFO, and Procter & Gamble.

VINCENT CREPY

Chief Supply Chain Officer

Mr. Vincent Crepy took up the role of Chief Supply Chain Officer on May 1, 2021. Mr. Crepy joined Ontex with strong international experience from consumer goods companies such as Procter & Gamble, Reckitt Benckiser, Ventura Foods and Scandinavian Tobacco Group in which he held important leadership positions in operations in the US, Europe, Central America, and Asia-Pacific.

LAURENT NIELLY

President Europe Division

Mr. Laurent Nielly joined the Ontex Group in July 2017 to lead the then acquired business in Brazil, and was appointed as President of the Europe Retail Division in January 2021. His scope was expanded in July 2021 after the combination of Retail and Healthcare Divisions. Mr. Nielly also brings more than 25 years of experience earned in Europe, the US and Latin America and across companies such as P&G, McKinsey & Company, PepsiCo and Coty. He started his professional career in finance and strategy, and developed expertise in innovation and commercial excellence before taking P&L responsibilities.

ANNICK DE POORTER

Executive Vice-President R&D and Sustainability

Ms. Annick De Poorter joined Ontex in 2003 as the R&D Manager of Feminine Hygiene and was promoted to R&D and Quality Director in January 2009. Before joining the Group, she worked at Libeltex NV in Belgium, and prior to that, she was a Scientific Researcher at University of Ghent, Belgium.

JONAS DEROO

Chief HR and Legal Officer

Mr. Jonas Deroo joined Ontex in April 2015 as General Counsel & Corporate Secretary. Prior to joining Ontex, Mr. Deroo was Associate General Counsel at bpost. He started his career as an attorney at the Brussels Bar.

Functioning of the Executive Committee

The powers of the Executive Committee include the operational management and organization of the Company, developing or updating on a yearly basis the overall strategy and business plan of the Company and submitting it to the Board for approval, monitoring the implementation of the overall strategy and business plan of the Company, supporting the CEO in the daily management of the Company and the exercise of his responsibilities, preparing the Company's financial statements and presenting accurate and balanced evaluations of the Company's financial situation to the Board and providing the Board with the information it needs in order to properly fulfil its duties, setting up and maintaining policies related to the risk profile of the Company and systems to identify, assess, manage and monitor financial and other risks within the framework set out by the Board and the Audit and Risk Committee.

The size and composition of the Executive Committee is determined by the Board acting on proposal of the CEO, who chairs the Executive Committee. Members of the Executive Committee are appointed by the Board based on a proposal of the CEO and upon recommendation of the Remuneration and Nomination Committee. Members of the Executive Committee are appointed for an indefinite period (with the exception of the CEO) and can be dismissed by the Board at any time or cease to be a member of the Executive Committee if their management agreement with the Company terminates.

The CEO leads and chairs the Executive Committee. The CEO is vested with the day-to-day management of the Company. In addition, he exercises the special and limited powers assigned to him by the Board or the Executive Committee. The CEO is a permanent invitee to the Board and reports to the Board on a regular basis, including on the actions taken by the Executive Committee.

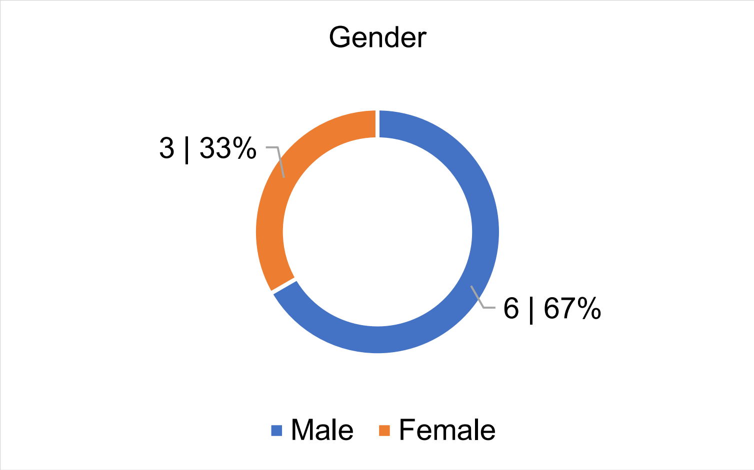
During 2022, as a general rule, the Executive Committee met bi-weekly and discussed, among others, the following topics:

- strategic review and implementation;

- financial and operational performance;
- Ontex's organizational model;
- Ontex's Sustainability Strategy 2030; and
- internal controls and compliance.

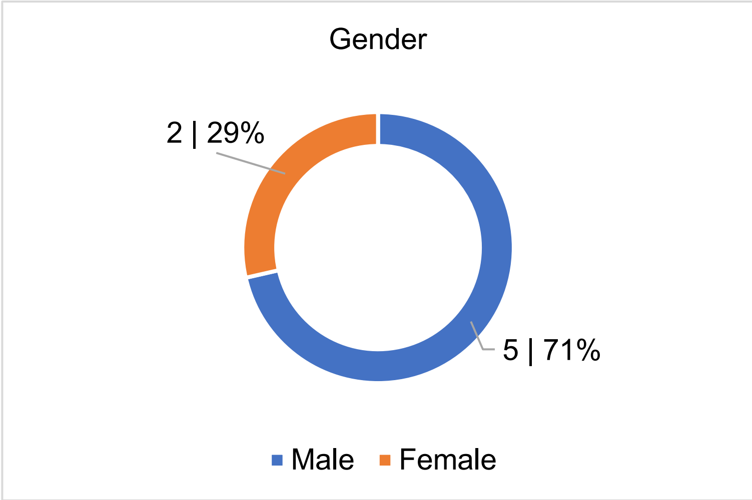
1.7. DIVERSITY WITHIN THE BOARD AND MANAGEMENT COMMITTEE

Ontex strongly promotes diversity and equal opportunities. The Company has adopted a diversity policy.



In 2022, the Board was composed of 12 directors, four of which were women: Ms. Inge Boets (as permanent representative of Inge Boets BV), Ms. Manon Janssen (as permanent representative of MJA Consulting BV), Ms. Regi Aalstad (as permanent representative of Regina S.à r.l.) and Ms. Isabel Hochgesand. With effect from January 1st, 2023, the Board was reduced to nine members and Ms. Regi Aalstad (as permanent representative of Regina S.à r.l.) resigned as member of the Board. As a result, the three remaining female members of the Board together represent 33% of the Board members. The Remuneration and Nomination Committee evaluates the composition of the Board on a yearly basis and formulates suggestions to the Board, while, among other things, taking into account the gender composition and other diversity elements. The Company complies with the requirement that at least one-third of the members of the Board should be of the opposite gender as the gender of the majority, as set out in Article 7:86 of the Belgian Code of Companies and Associations.

On 1 January 2023, Ontex's Executive Committee counted two female members out of seven, or 29%.



2. Share capital, shareholders and investor engagement

2.1. SHARE CAPITAL AND CAPITAL EVOLUTION

At December 31, 2022, the share capital of the Company amounted to €823,587,466.38 and was represented by 82,347,218 shares without nominal value. Each share represents 1/82,347,218th of the capital and carries one vote. The shares are listed on Euronext Brussels. On December 31, 2022, 16,355,865 shares of the Company were registered shares and the remainder were dematerialized shares.

The Company adopted various Long-Term Incentive Plans (“LTIP”). None of the share instruments granted confer any shareholder rights prior to the exercise or vesting of the respective instruments. The shares to be delivered to participants are existing shares of the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP is set out in the Remuneration Report and Remuneration Policy.

The grants made by Ontex under its LTIP provide for a three-year vesting period. Accordingly, the grants that were made in 2019 vested as from 2022. More details about the vested stock options and RSUs can be found in the Remuneration Report.

As of 2015, Ontex entered into certain forward purchase agreements in order to hedge its obligations under grants made in the framework of its LTIP. These consisted of one-year forward purchase agreements, which were being extended on a yearly basis. These agreements were not extended in 2022.

On December 31, 2022, 1,270,500 shares of the Company were held by the Company.

2.2. SHAREHOLDER EVOLUTION

Pursuant to the Company’s Articles of Association and Corporate Governance Charter, the applicable successive thresholds as regards the application of the Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market and other provisions (the “**Law of 2 May 2007**”) and the Royal Decree of 14 February 2008 on the disclosure of significant shareholdings, are set at 3%, 5%, 7.5%, 10% and any subsequent multiples of 5%.

On February 21, 2022, the Company received a transparency declaration confirming that, on November 10, 2021, CIAM held 2,463,474 voting securities or voting rights in the Company, representing 2.99% of voting securities, and thereby crossing downward the threshold of 3%.

On January 23, 2023, the Company received a transparency declaration confirming that, on December 31, 2022, Guangchang Guo and Fosun International Holdings Ltd. held 3,200,373 voting securities or voting rights in the Company, representing 3.89% of voting securities, and thereby crossing upward the threshold of 3%.

We refer to our website for transparency declarations received after December 31, 2022.

2.3. SHAREHOLDER STRUCTURE

Based on the transparency declarations received by the Company, the shareholder structure of the Company on December 31, 2022 [1] was as follows:

Shareholders	Shares	% [2]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	April 20, 2021
ENA Investment Capital	12,411,999	15.07%	April 29, 2020
Guangchang Guo and Fosun International Holdings Ltd [3]	3,200,373	3.89%	December 31, 2022
The Pamajugo Irrevocable Trust	2,722,221	3.64%	February 29, 2016
Veraison SICAV – Engagement Fund	2,497,800	3.03%	July 20, 2021

To the knowledge of the Company, no shareholders' agreements are currently in place.

[1] Updates subsequent to December 31, 2022 are described on our website (https://ontex.com/investors/shareholder-resources-center/).

[2] Percentage based on the outstanding share capital of the Company at the time of the declaration.

[3] Mr. Guangchang Guo is the chairman and co-founder of Fosun International Holdings Ltd. Pursuant to the transparency declaration, the shares in the Company are held through Hauck & Aufhäuser Fund Services S.A., a discretionary investment manager that is exercising the voting rights on the shares at its discretion in the absence of specific instructions.

2.4. INVESTOR ENGAGEMENT

In early 2022, the Company conducted a corporate governance roadshow. In addition, several group and individual virtual meetings were organized to interact with financial analysts and investors, following the investor updates and the regular results publications.

2.5. DEALING AND DISCLOSURE CODE

Ontex gives utmost priority to its compliance with applicable market abuse regulations. On June 3, 2014, the Board approved the Ontex Dealing and Disclosure Code (the "**Dealing and Disclosure Code**"). The Dealing and Disclosure Code was subsequently amended on April 2, 2015 and most recently on June 28, 2016. The Dealing and Disclosure Code restricts transactions in the Company's securities by members of the Board and of the Executive Committee, and by certain senior employees of the Ontex Group during closed and prohibited periods. The Dealing and Disclosure Code also contains rules concerning the internal approval of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority, and disclosure of inside information. The General Counsel is the Compliance Officer for purposes of the Dealing and Disclosure Code.

3. Relevant information in the event of a takeover bid

Article 34 of the Royal Decree of November 14, 2007 on the obligations of issuers of securities which have been admitted to trading on a regulated market, requires that listed companies disclose certain items that may have an impact in the event of a takeover bid.

3.1. CAPITAL STRUCTURE

A comprehensive overview of our capital structure at December 31, 2022 can be found in chapter 2 of this Corporate Governance Statement.

3.2. RESTRICTIONS ON TRANSFERS OF SECURITIES

The Company's Articles of Association do not impose any restrictions on the transfer of shares in the Company. Furthermore, the Company is not aware of any such restrictions imposed by Belgian law except in the framework of market abuse rules, and neither is the Company aware of any agreements between shareholders which may result in restrictions on the transfer of securities and or the exercise of voting rights.

3.3. HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS

There are no holders of securities with special control rights.

3.4. EMPLOYEE SHARE PLANS WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

The Company's shares to be delivered to participants upon exercise of the stock options or vesting of the RSUs or performance shares in the framework of the LTIP are existing ordinary shares in the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP is set out in the Company's Remuneration report and Remuneration Policy.

The Company has not set up employee share plans where control rights over the shares are not exercised directly by Ontex's managers or employees.

3.5. RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS

The Articles of Association of the Company do not contain any restrictions on the exercise of voting rights by shareholders, provided that the shareholders concerned comply with all formalities to be admitted to the shareholders' meeting and their voting rights are not suspended in one of the events set out in the Articles of Association or the Belgian Code of Companies and Associations. Pursuant to Article 11 of the Company's Articles of Association, the Board is entitled to suspend the exercise of rights attaching to shares belonging to several owners.

The Company is not aware of any restrictions imposed by Belgian law on the exercise of voting rights by the shareholders.

3.6. RULES ON APPOINTMENT AND REPLACEMENT OF BOARD MEMBERS

The maximum term of office of directors under Belgian law is limited to six years (renewable) but the 2020 Corporate Governance Code recommends that it be limited to four years (Recommendation 5.6). The appointment and renewal of directors is subject to approval by the shareholders' meeting, upon proposal by the Board on the basis of a recommendation of the Remuneration and Nomination Committee.

3.7. RULES ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Save for capital increases decided by the Board within the limits of the authorized capital or a change of the seat of the Company (provided such change does not trigger the application of different rules on the use of languages by companies than those that currently apply to the Company), only an extraordinary shareholders' meeting is authorized to amend the Company's Articles of Association. An extraordinary shareholders' meeting may only deliberate on amendments to the Articles of Association if at least 50% of the share capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will validly deliberate regardless of the portion of the share capital represented at the shareholders' meeting. As a rule, amendments to the Articles of Association are only adopted if approved by at least 75% of the votes cast. The Belgian Code of Companies and Associations provides for more stringent majority requirements in specific instances, such as for modifications of the Company's corporate object clause.

3.8. AUTHORIZED CAPITAL

On May 25, 2018, the Company's extraordinary shareholders' meeting renewed the authorization to the Board with respect to authorized capital under the following conditions:

The Board may increase the registered capital of the Company in one or several times by an amount cumulated over five years of maximum 50% of the amount of the registered capital as such amount is recorded immediately after the shareholders' meeting of May 25, 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the shareholders' meeting of May 25, 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders.

This authorization may be renewed in accordance with the relevant legal provisions. The Board can exercise this power for a period of five years as from the date of publication in the Annexes to the Belgian State Gazette of the amendment to the Articles of Association approved by the shareholders' meeting on May 25, 2018.

3.9. ACQUISITION OF OWN SHARES

On May 25, 2018, the Company's extraordinary shareholders' meeting renewed the authorization towards the Board with respect to the acquisition of own shares subject to the following conditions:

The Company may, without any prior authorization of the shareholders' meeting, in accordance with Articles 620 ff. of the (former) Belgian Companies Code and within the limits set out in these provisions, acquire, on or outside the stock market, up to 10% of its own shares, profit-sharing certificates or associated certificates for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 5% above the highest closing price in the last thirty trading days preceding the transaction. This authorization is valid for five years from May 25, 2018. This authorization covers the acquisition on or outside the stock market by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the (former) Belgian Companies Code. If the acquisition is made by the Company outside the stock market, even from a subsidiary, the Company shall comply with Article 620, §1, 5° of the (former) Belgian Companies Code.

Further details with respect to the acquisition of own shares can be consulted in chapter 2.1 of this statement.

3.10. MATERIAL AGREEMENTS TO WHICH THE COMPANY IS A PARTY CONTAINING CHANGE OF CONTROL PROVISIONS

3.10.1. Senior Facilities Agreement

The Company, and certain of its subsidiaries as guarantors, entered into a €470,000,000 senior term and revolving credit facilities agreement dated June 23, 2021 (the "**Senior Facilities Agreement**"), comprising a term loan of €220,000,000 and a revolving credit facility of €250,000,000, having an initial maturity of three years with the option to extend for a period of up to two years subject to certain conditions set out therein. The proceeds were used for the refinancing of existing indebtedness and for general corporate purposes.

The Senior Facilities Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Senior Facilities Agreement provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders' meeting may lead to a mandatory prepayment and cancellation under the Senior Facilities Agreement.

3.10.2. Indenture

The Company, and certain of its subsidiaries as guarantors, entered into an indenture dated July 7, 2021 (the "**Indenture**") pursuant to which the Company issued €580,000,000 3.5000% senior notes due July 15, 2026 (the "**Senior Notes**"). The proceeds have been used for the refinancing of existing indebtedness and for general corporate purposes

The Indenture contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Indenture provides, among others, that any person or group of persons acting in concert (other than certain exempt persons) acquiring, directly or indirectly, beneficial ownership of more than 50% of the total voting power capable of being cast at a shareholders' meeting may lead to a mandatory offer by the Company to repurchase the Senior Notes at a purchase price equal to 101% of the principal amount of the Senior Notes (together with accrued and unpaid interest).

3.10.3. Factoring Agreement

The Company entered into a factoring agreement dated February 21, 2018, with BNP Paribas Fortis Factor NV and KBC Commercial Finance NV (the "**Factoring Agreement**"). The Factoring Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Factoring Agreement provides, among others, that in the event the effective control of any party is transferred to others, the other party has the right to terminate the Factoring Agreement.

3.10.4. Hedging Agreement

The Company entered into an ISDA FX hedging agreement dated March 12, 2018 with Crédit Agricole Corporate and Investment Bank ("**CACIB**") (the "**Hedging Agreement**"). The Hedging Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Hedging Agreement, provides, among others, that a change control, defined as any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued share capital of the Company, provides CACIB the right to terminate the Hedging Agreement.

3.10.5. Guarantee Agreement

The Company and its subsidiary Hygiene Medica SAS entered into a guarantee agreement dated November 6, 2018 with Euler Hermes NV (the "**Guarantee agreement**"), with respect to the guarantee issued by Euler Hermes NV to Land Rheinland, Finanzamt Mayen, dated November 13, 2018. The Guarantee Agreement includes provisions that may be trigged in case of a change of control of the Company. More specifically, the Guarantee Agreement provides for acceleration in case the Company has leased a substantial part of her assets to a third party, or the Company merges or decides to merge, splits or decides to split, or is absorbed by a third party.

The change of control provisions that are referred to above have already been approved by the shareholders' meeting in accordance with Article 7:151 of the Belgian Code of Companies and Associations or, earlier, Article 556 of the (former) Belgian Companies Code.

3.11. SEVERANCE PAY PURSUANT TO TERMINATION OF CONTRACT OF BOARD MEMBERS EXECUTIVE OFFICERS OR EMPLOYEES PURSUANT TO A TAKEOVER BID

The Company has not concluded any agreement with its Board members, executive officers or employees which would result in the payment of a specific severance pay if, pursuant to a takeover bid, the Board members, executive officers or employees resign, are dismissed or their employment agreements are terminated.

We refer to the Remuneration Report for further detail on the termination provisions of the members of the Board and the Executive Committee in general.

4. Conflicts of interests

In accordance with Article 7:96 of the Belgian Code of Companies and Associations, if a Board member has a direct or indirect financial interest that is contrary to the interest of the Company in respect of a decision or transaction which is the responsibility of the Board, he/she must inform the other Board members before any decision by the Board is taken and the statutory auditor must also be notified. The conflicted Board member cannot be present during the deliberations of the Board relating to these transactions or decisions and cannot vote.

In addition to the legal requirements, the Company, as a general matter and as set forth in its Corporate Governance Charter, also expects each Board member to arrange his or her personal and business affairs in such a way as to avoid any (appearance of) conflict of interest of a personal, professional or financial nature with the Company, directly or through relatives (including spouse or life companion, or other relatives (by blood or marriage) up to the second degree and foster children).

No conflicts of interest within the meaning of Article 7:96 of the Belgian Code of Companies and Associations arose in 2022.

5. Related Party Transactions

During 2022, the Company did not enter into any transactions with related parties within the meaning of Article 7:97 of the Belgian Code of Companies and Associations.

6. Compliance with the 2020 Corporate Governance Code

The Company is committed to high standards of corporate governance and relies on the 2020 Corporate Governance Code as its reference code. The 2020 Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies must comply with the 2020 Corporate Governance Code but may deviate from those provisions which are not otherwise contained in the Belgian Code of Companies and Associations, and provided they disclose the justification for any such deviations in their corporate governance statement included in the Annual Report in accordance with Article 3:6, §2, first paragraph, 2° of the Belgian Code of Companies and Associations.

On October 9, 2020, when the Company's Corporate Governance Charter was amended to comply with the requirements of the 2020 Corporate Governance Code, the Board opted to implement a one-tier governance structure. The Board thus is the highest decision-making body of the Company. It is authorized to perform all acts that are necessary or useful for the realization of the object of the Company, except for those powers that are reserved by law to the shareholders' meeting. The Board decides on the strategy of the Company and takes all important investment and divestment decisions. The Board has delegated the operational management of the Company to the Executive Committee, which exercises such operational management within the framework of the strategy determined by the Board.

The Company complies with all provisions of the 2020 Corporate Governance Code, except in respect of the following:

- Provision 4.2 of the 2020 Corporate Governance Code provides that strategy formulation should not be referred to any permanent committee. In April 2021, the Board established the Strategy Committee in light of the strategic challenges and need for a strategic review of the Company's business and operations. The Strategy Committee, an advisory committee, aimed to enhance and expedite the Board's strategic decision-making, and to support Executive Management's reshaping of the Company's strategic agenda and to exercise support and oversight in relation to the implementation thereof. Following the successful initial deployment in 2022 of Ontex's new strategy, the Board decided to dissolve the Strategy Committee with effect from January 1st, 2023. As a result, the Company is now compliant with provision 4.2 of the 2020 Corporate Governance Code.
- Provision 7.6 of the 2020 Corporate Governance Code provides that non-executive board members should receive part of their remuneration in the form of shares in the Company. After due consideration, it has been decided that the remuneration of the Non-Executive Directors will continue to be paid fully in cash, because of the complex tax and social security consequences of paying part of the remuneration in shares, both for the beneficiaries and for the Company. We are, however, of the opinion that share ownership by Non-Executive Directors can have a positive impact on their commitment and engagement. Therefore, the Company has issued a recommendation to Non-Executive Directors to build, over their four-year tenure, an Ontex equity stake equivalent to one time the Non-Executive Director's fixed fee, and to keep this equity stake during at least one year following the end of their Board mandate.

7. Events after the end of the reporting period

The relevant events after the end of the reporting period can be found in note 7.32 of the consolidated financial statements.

8. Risk management and internal control framework

8.1. INTRODUCTION

The Ontex Group operates a risk management and control framework in accordance with the Belgian Companies and Associations Code and the 2020 Corporate Governance Code. The framework in place is aligned with the management framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Ontex Group is exposed to a wide variety of risks within the context of its business operations that can result in its objectives being affected or not achieved. Controlling those risks is a core task of the Board (including the Audit and Risk Committee), the Executive Committee and all other employees with managerial responsibilities.

The risk management and control system has been set up to reach the following goals:

- Achievement of the Ontex Group objectives;
- Achieving operational excellence;
- Ensuring correct and timely financial reporting; and
- Compliance with all applicable laws and regulations
- Compliance with policies and objectives set by management
- Safeguarding of company assets

8.2. CONTROL ENVIRONMENT

8.2.1. Three lines model

The Ontex Group applies the “three lines model” to clarify roles, responsibilities and accountabilities, and to enhance communication within the area of risk and control. Within this model, the different lines responding to risks are:

- First line: line management is the first responsible for assessing risks on a day-to-day basis and implementing controls in response to these risks.
- Second line: the oversight functions such as Finance and Controlling, Quality, Compliance, Sustainability, Tax and Legal oversee risk management as defined by the first line of defense. The second line of defense actors provide guidance and direction and develop a risk management framework. The Group’s Compliance function works on communicating and training on Code of Ethics matters.
- Third line: independent assurance providers, including internal and external audit functions supervise and control the risk management processes as executed by the first and second line of defense.

8.2.2. Policies, procedures and processes

The Ontex Group fosters an environment in which its business objectives and strategy are pursued in a controlled manner. This environment is created through the implementation of different company-wide policies, procedures and processes such as the Ontex values, the Ontex Code of Ethics (and its different sections which include policies on anti-bribery, anti-money laundering and fair competition), the Quality Management System and the Delegation of Authorities ruleset. The Executive Committee fully endorses these initiatives. The employees are regularly informed and trained on these subject matters in order to develop sufficient risk management and control at all levels and in all areas of the organization.

8.2.3. Group-wide ERP system

The large majority of the Group entities operate the same group-wide ERP systems which are managed centrally. These systems embed the roles and responsibilities defined at the Ontex Group level. Through these systems, the main flows are standardized and key controls are enforced. The systems also allow detailed monitoring of activities and direct access to data.

8.3. RISK MANAGEMENT

Sound risk management starts with identifying and assessing the risks associated with the Company's business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and minimize such risks, acknowledging the existence of ordinary business risks and implementing measures to address them, including risk escalation processes to ensure that the appropriate decision-makers assess and resolve specifically identified risks. The processes in place aim at identifying key risks, assessing them, defining appropriate responses, communicating them to the right levels in the organization and monitoring the effectiveness of mitigation actions.

All employees of the Ontex Group are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility on a continuous basis. On top of the continuous input for the risk assessment, a periodic review is conducted with the Executive Committee. As an outcome of the periodic review, the risks are prioritized based on their inherent impact and the vulnerability of Ontex to these risks.

The Ontex Group has identified and analyzed its key corporate risks. These corporate risks are communicated to the various levels of management.

8.4. CONTROL ACTIVITIES

Control measures are in place to minimize the effect of risk on Ontex Group's ability to achieve its objectives. These control activities are embedded in the Ontex Group's key processes and systems to assure that the risk responses and the Ontex Group's overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and within all departments. Key compliance areas are monitored for the entire Ontex Group by the Head of Compliance (at group level) and by Local Compliance Coordinators (at local level). The Compliance function supports compliance with the Ontex Code of Ethics and the adoption of clear processes and procedures with respect to the Code. The Compliance long term strategy and yearly objectives are approved by the Executive Committee and by the Audit and Risk Committee and a reporting takes place twice a year towards the Executive Committee and the Audit and Risk Committee. The Head of Compliance and Internal Audit Manager meet regularly to discuss increasing risks based on incidents in relation to the Code of Ethics and (new or existing) legal frameworks. More information about Ontex's approach, strategy and progress towards business ethics and compliance can be found in the Sustainability Statements of this annual report.

In addition to these control activities, an insurance program is in place for certain risk categories that cannot be absorbed without material effect on the Company's balance sheet.

8.5. INFORMATION AND COMMUNICATION

The Ontex Group recognizes the importance of timely, complete and accurate communication and information both top-down as well as bottom-up. The Ontex Group therefore put several measures in place to assure amongst others:

- Security of confidential information;
- Clear communication about roles and responsibilities; and
- Timely communication to all stakeholders about external and internal changes impacting their areas of responsibility.

8.6. MONITORING OF CONTROL MECHANISMS

Monitoring helps to ensure that internal control systems operate effectively.

The quality of the Ontex Group's risk management and control framework is assessed by the following actors:

- Internal Audit. The tasks and responsibilities assigned to Internal Audit are defined in the Internal Audit Charter, which has been approved by the Audit and Risk Committee. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it".
- External Audit. In the context of its review of the annual accounts, the statutory auditor focusses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to the Executive Committee and the Audit and Risk Committee and shared with Internal Audit.
- Audit and Risk Committee. The Board and the Audit and Risk Committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the Audit and Risk Committee, see chapter 1.5. of this Corporate Governance Statement.

8.7. RISK MANAGEMENT AND INTERNAL CONTROL WITH REGARD TO THE PROCESS OF FINANCIAL REPORTING

The accurate and consistent application of accounting rules throughout the Ontex Group is assured by means of a Finance and Accounting Manual.

On a quarterly basis, a bottom-up risk analysis is conducted to identify risk factors. Action plans are defined for all key risks. Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

The accounting teams are responsible for producing the accounting figures, whereas the controlling teams check the validity of these figures. These checks include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities.

Uniform reporting of financial information throughout the Ontex Group ensures a consistent flow of information, which allows the detection of potential anomalies. The Group's ERP systems and management information tools allow the central controlling team direct access to disaggregated financial and non-financial information.

An external financial calendar is planned in consultation with the Board and the Executive Committee, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Ontex stakeholders with the information necessary for making sound business decisions. The financial calendar can be consulted at https://www.ontex.com/investors.

8.8 ONTEX MAIN RISKS

Detailed descriptions of the most significant identified risks and opportunities to Ontex are listed below together with how the risk is managed at Ontex (including any mitigation efforts currently in place or planned goring forward as part of the risk mitigation plan).

These risks may impact the achievement of our strategic drivers as set out in the Strategic Report section of this annual report. They are ordered by type of risk and are not set out in priority order.

8.8.1 Contextual risks

8.8.1.1 Political instability

Ontex operates around the globe, and as a result is subject to risks associated with operating internationally. Recent and ongoing instability in some of the countries in which we operate may constrain the way we do business by regulatory deadlocks potentially leading to litigation and fines. Geopolitical tensions can deteriorate trade relations and disrupt the global economic activity which can directly and indirectly translate into Ontex's operations or general business.

Risk management

Various stakeholders at Ontex are occupied with monitoring the macroeconomic and geopolitical situation in the regions Ontex is active in. During business review meetings, an assessment of the situation takes place and remedial actions are discussed.

Our global presence allows us to remediate the risk by providing the flexibility to shift our focus to other areas of the world in case of severe disruptions.

With respect to our operations in Russia, a dedicated operating model was put in place which accommodates the continuity of our operations in Russia in line with the regulatory framework which is in place and provides the flexibility to adjust in case of changes in regulations.

8.8.1.2 Competition

Ontex is active in a landscape with intense competition from branded product manufacturers and retailer brand manufacturers . Action and counter- reaction from all players in the competitive environment can impact the market share, provoke price wars and in the long-term affect our margin. Furthermore, our customers frequently tender their business leading to long-term commitment which makes Ontex sensitive to actions and reactions from its competitors. Ontex is also exposed to the risk that alternative products, solutions or business models meeting evolving customer needs replace the product portfolio of Ontex. This could jeopardize the company's position in the market.

Risk management

Our ambition is to be the number one partner of choice for retailer brands. This needs to be supported by excellence on service and quality. We are constantly aiming to improve our cost and price competitiveness, refining our customer segmentation and driving customer centricity. Through innovation, we drive the product portfolio further aiming at continued support of customer and consumer needs. With proactive market research, we follow up and anticipate market trends and follow competitive moves.

8.8.1.3 Laws and regulations

Unforeseen or non-identified changes to legislation or misinterpretation of existing legislation could lead to litigation or fines or increase the cost of doing business. Changes to regulations can trigger additional costs or exclusion of market segments in case of non-compliance.

Risk management

Changes to our strategy and product portfolio are increasingly exposing us to more regulated markets and product segments. Various domains in the organization are screening the regulatory landscape on a continuous basis through participation in industry fora, conferences, etc. and are responsible for creating the required awareness within the organization around such regulatory changes.

Compliance with existing regulations are enforced via our code of ethics. The code of ethics captures our values with respect to anti-competition, bribery, conflict of interests, professional conduct, human rights, sanctioned countries. Employees are periodically receiving trainings on the topics included in our code of ethics. On top of that, our suppliers are required to sign a code of conduct including labor, ethics and health and safety standards. Breaches to our code of ethics can be reported via various channels within the organization or through our (anonymous) ‘Speak Up!’ Web system.

8.8.2 Operational risks

8.8.2.1 Pricing strategy

As our raw material costs are often linked to indices, the cost of goods sold is highly dependent on the volatile evolution of those indices. Ontex is faced with the challenge to preserve its margin by properly passing inflated costs to its customers which typically have long-term contracts at fixed prices.

Risk management

Ontex is organized to govern pricing mechanisms enabling a fast escalation process to trigger pricing discussions both internally and externally. Our prices and margins are monitored centrally based upon continuous input collected from our sales and controlling teams and based on shelf price tracking.

In the course of 2023, we will continue to adapt our approach to decrease the time lag between cost and price increases and improve our execution success ratio by expanding our portfolio of pricing approaches. Those are aimed at enabling faster deployment of additional pricing waves with greater flexibility. Additionally, we have planned to review our approach toward institutional healthcare customers and will improve our ability to anticipate inflation and to understand better how competitors approach the raw material inflation.

8.8.2.2 Information security and privacy

We are increasingly reliant on IT systems and information management to run our business. There is a risk of disruption of our IT systems and that sensitive data may be compromised by intended or unintended leakage of information, malicious cyber-attack or technology failure. A disruption of our IT systems could affect our sales, production and cash flows, ultimately impacting our results. Unauthorized access and misuse of sensitive information could interrupt our business and/or lead to loss of assets , competitive advantage or investor confidence. It could also lead to negative, reputational impact.

<u>Risk management</u>

Throughout 2022, our cyber teams responded rapidly and successfully to changing requirements, challenges and security risks arising from an increased and even more complex threat landscape.

We continued to extend the capabilities of our Cyber Security Operations Centre (CSOC), our central source of cyber-security intelligence and incident support and introduced best of breed artificial intelligence based, Advanced Threat Prevention and Detection (ATPD) solutions to enable us greater real-time visibility across every part of our IT organization.

Enhanced cyber security tooling deployed during late 2021 and early 2022 is now fully in production and has also transformed our ability to protect our organization's systems.

With our system-wide monitoring and detection capabilities maturing, considerable focus has been on testing our cyber, continuity controls and countermeasures to ensure their appropriate effectiveness and robustness and to aid in strengthening our cyber resilience across our platforms and services even further. The measures in place have increased our ability to preventively block suspicious events and attacks. On the human side, the integration of artificial and automated testing and training platforms into our system environments enabling advanced phishing, malware, ransomware and cyberattack simulations, personalized for every Ontex user, was a great success.

The pace and intensity of our work will increase throughout 2023-2024, in line with the escalating threat landscape, an incredible era of innovation for Ontex and the increasing cost and risk associated with digital, data and technology.

8.8.2.3 Product innovation

We need to face competition from manufacturers in production innovation. Rapid time-to-market is key to our competitiveness. Failure to generate timely innovative products or inadequate choice of new production methods, technology or structural redesign of our raw material components could lead to inability to sustain our market share. It could also lead to irrecoverable research and development costs or lack of responsiveness to customer demands.

<u>Risk management</u>

Innovation is one of the key strategic pillars at Ontex. We develop and deliver the right product and packaging innovation at the right time, inspired by customer and consumer needs, with sustainability in mind. New products are created from rigorous research into market trends, customer and consumer insights, the skills of our engineers and, not least, the creativity of our people. We also collaborate with partner organizations including leading universities, laboratories, institutes, start-ups and research organizations to make sure that we are at the forefront of change.

Innovation is driven by our own engineering department which is customizing machines to our needs, dedicated pilot production lines which are running in parallel with our operations. This has led to over 200 innovations which were launched over the past years. We refer for more info to the strategic section of this annual report.

8.8.2.4 Product design & quality

Our reputation as a business partner relies heavily on our ability to supply quality products. In case of quality issues, this may lead to adverse effects to consumer health, loss of market share, financial costs and loss of turnover as well as putting the Company reputation at stake.

Risk management

Risk assessments are performed on all Ontex products to identify and control risks that might affect product performance and product safety. The Quality system is providing tools and capability within the organization to evaluate and control those risks. Ontex' organization and sites work proactively utilizing continuously the inputs from the market and customer feedback to improve products and processes to foresee the issues that might have an impact on consumer satisfaction.

In an efficient Quality Management System that represents how we systematically manage to be compliant, efficient, successful and profitable, we capture the requirements of our customers and of the various regulations applicable to us. It is an end-to-end approach looking at each of Ontex's key processes. Controls and measurements steer the process efficiency.

We continue to work proactively on fast assimilation, deployment and implementation of the customers' requirements into the Ontex Management System. We continue our journey to define processes to be documented and centralize them into one single system: Ontex DNA. This helps to improve communication and know-how within our organization.

Collaboration with defined Single Persons of Contact (SPOC) have a big contribution to the implementation and help all Ontex people in each department to contribute to the continuous improvement process of the Quality Management System by providing training and guidance.

8.8.2.5 Sourcing: Raw material price volatility and availability

We are dependent upon the availability of raw materials for the manufacturing of our products. On average, the main raw materials and packaging costs account for between 75% and 80% of our cost of sales. Our raw materials are subject to price volatility due to a number of factors that are beyond our control, including but not limited to, the availability of supply, general economic conditions, commodity price fluctuations and market demand.

Scarcity of supply of raw materials or transport scarcity could lead to (temporary) unavailability of resources and could affect the continuity of our supply chain. The likelihood of these events occurring is increasing due to climate changes, more stringent regulatory requirements or due to political instability.

Risk management

The continuity of our supply chain is safeguarded in various ways.

- For most of our resources, multiple sources are available and validated.
- We have strategic alliances with our key suppliers resulting into long-term contracts with priority access for contractual volumes.
- Flexibility of our volume allocations is built into our contracts.
- Alternative materials have been validated for usage in case of shortages.
- Geographical diversification of our suppliers and sources offsetting local / regional volatility
- Financial hedging of our key strategic materials

- Direct hedging via suppliers decoupling from indices where possible

In the course of 2023, we will continue our focus to safeguard our production through more flexible specifications of our raw materials, a fast-track qualification process of new sources and materials and by continuing the development of our strategic alliances. We will also consider further expansion of the categories which are in scope for financial hedging and explore further opportunities to decouple pricing from indices.

8.8.3 Governance risks

8.8.3.1 Sustainability risk

Ontex risks not to be able to respond timely to the climate and environmental expectations and requirements from consumers, governments and other stakeholders. Ontex requires certain sensitive raw materials such as paper pulp and plastics to manufacture its products and Ontex produces disposable finished products of which the environmental impact cannot be ignored. Ontex risks losing market share if stakeholder expectations cannot be met at a competitive price. Furthermore, new regulations might increase the cost of doing business or could lead to regulatory fines or taxes.

Risk management

Our Ontex sustainability strategy & related (science-based) goals are framing the path we plan to take to address sustainability-related risks. Via the bi-annual materiality assessment we identify, assess and set up actions to managing sustainability-related risks. The two key risks for Ontex are climate change and products & packaging contributing to pollution.

We currently do not have substantial financial impacts of climate change on our operations (scope 1-2 emissions) due to the relatively low energy usage in our plants & climate program in place. Looking to the value chain emissions (scope 3) there might be financial impacts due to legislation. To understand these impacts, we plan to renew our climate scenario assessment in 2023.

We manage sustainability-related risks via different means:

- **Creating transparency**: sustainability data monitoring both in our plants & supply chain to understand where negative environmental & social impacts (can) take place & communicate them.
- **Preventive actions**: environmental & social management systems in the plants, environmental & social risk assessments in our supply chain, investing in energy-efficiency, renewable on-site solar energy, carbon reductions integrated in bonus scheme, continuous monitoring of our customers' requirements, including sustainability in our product designs, etc.
- **Mitigation actions**: Our sustainability-related policies & procedures describe how we deal with (potential) negative impacts. In addition, the sustainability strategy lays out clear targets to reduce our climate impact & work towards circular solutions such as e.g. recycled content in packaging & offering reusable products.

The sustainability topic continues to be high on the agenda of our strategy determination and budget discussions and will lead to following actions in the course of 2023:

- Progress towards our **2030 sustainability goals** focusing at reaching our science-based targets and reducing the environmental footprint of our products whilst adding value for the consumer.

Assessing the requirements affecting our company & setting up implementation roadmaps in order to make sure we comply with **upcoming regulations** such as CSRD, EU Taxonomy, HREDD, EPR schemes, plastic taxes, etc.

- **Communicating sustainability performance** to consumers via ecolabels & claims, to customers using carbon & plastic footprint assessments & investors by improving our responses to investor questionnaires.
- **Enhancing transparency** via climate scenario assessments & continuous progress on supply chain due diligence.
- **Strengthening integrated governance, tools & processes** to ensure prevention & management of the risks.
- Ensure our **infrastructure** enables alignment with our 2030 sustainability goals, facilitated by co-operation & partnerships to reach our climate neutral & circular solutions goals.

In 2021, we conducted a scenario assessment. More information on the different climate risks & opportunities and outcome of the scenario assessment can be found in the Sustainability Statements of this report.

8.8.3.2 Human capital, talent management & retention

A skilled and motivated workforce and agile organization are essential for the continued success of our business. Failure to identify, attract, develop and retain talents to satisfy current and future needs of the business may affect our ability to compete. In case of failure to recruit and retain adequately, this may result in a decline in business performance. With the increased ratio of homework, people can become disconnected leading to mental fatigue. Protecting our employees is crucial to safeguard their expertise and motivation is therefore crucial.

<u>Risk management</u>

The HR team is committed to create a health work environment in addition to delivering professional Human resources services. This translates into initiatives in various domains:

- Initiatives to **better connect employees** and top management cross-functionally and inform employees of the company’s strategy and priorities.
- Various local initiatives to **improve mental and physical wellbeing**.
- Local initiatives to create a fun working atmosphere to **improve the connection** and community.
- Initiatives to promote a **frequent feedback culture** including some local recognition initiatives.
- A culture scan was organized in 2022.

In the course of 2023, the HR team will further deploy additional actions including the creation of a culture board, launch a global employee recognition framework, advance our Diversity, Equity and Inclusion framework and further elaborate the frequent feedback culture.

8.8.3.4 Divestitures

As part of our current strategy, we are screening to find suitable partners to acquire parts of our business in the AMEAA region. The divestment process brings some challenges in terms of workload for the people involved in the divestment process, employee engagement in the entities to be divested and a fairly negotiated price for the entities to be divested.

<u>Risk management</u>

For the ongoing divestments, a dedicated project team is in place which steers the various steps of the process. We are working together with reputable, international accounting and law firms and banks, which are guiding Ontex throughout this process and bring the required expertise to make the divestments into a success for both sides of the deal. External parties audit the divestment process to provide assurance that the divestment process is complying with all laws and regulations. Ontex is committed to find suitable partners to acquire our business and will take its time to do that. All entities open for divestment will continue to be treated as part of Ontex until any deal takes place.

8.8.4 Financial and legal risks

8.8.4.1 Intellectual property

Although we are monitoring changes in intellectual property rights, we may inadvertently infringe intellectual property rights owned by others. Secondly, the Company may fail to register intellectual property rights in a timely manner. As a potential consequence thereof, the Company may face legal claims or have to pay royalties which erode our profit margins. Failing to register or defend IP could erode the Company profit margins as well.

Risk management

Going hand-in-hand with innovation as one of the strategic pillars of Ontex, intellectual property (IP) is an important enabler to the Company’s ability to develop and deliver the right product and packaging innovation at the right time. We complete regular third party intellectual property rights screening and legal analyses as well as continue to grow our leading IP portfolio in the retail segment of the personal hygiene field.

8.8.4.2 Liquidity & Leverage

Over the past years, while endebtness remained largely stable, Ontex was faced with declining results, and thereby the leverage and liquidity of the company need to be monitored closely on a continuous basis as it impacts our cost of capital, payment conditions with suppliers, shareholder reputation, etc. High focus on the leverage could lead to short term vision or disturbed priority setting.

Risk management

Detailed reporting and forecasting for our liquidity and leverage are in place. Net sales, adjusted EBITDA, working capital and free cash flow are part of the incentive metrics across the organization. Those metrics are monitored by various layers in the organization through disciplined reporting and steering to assess their impact on our leverage.

A monthly cash forecast is in place and additional initiatives to stimulate co-ownership of the business on working capital are underway. Furthermore, the proceeds of discontinued operations will be used to lower the debt.

9. Remuneration Report

9.1 2022 CONTEXT, PERFORMANCE HIGHLIGHTS AND REMUNERATION OUTCOMES

In financial year 2022, the Company continued to apply its existing remuneration policy. The remuneration policy aims at aligning the interests of the Company's management with those of its shareholders.

Although we have seen early signs of recovery in the second half of the year, our full year 2022 financial results were mostly below plan. Solid volume growth momentum, consistent cost reduction delivery and accelerating pricing, were insufficient to fully offset the unprecedented cost inflation.

Revenue for the total Group, including discontinued operations, was €2,464 million. On a like-for-like basis, excluding forex fluctuations and scope effects, it was €2,372 million versus a €2,226 million plan target. Including mix effects, volumes were up 6%, with consistent growth across the year, based on a solid retailer brand market and the contract gains in the previous periods. Pricing, to mitigate cost inflation, accelerated from 7% in the first quarter to 16% in the last quarter, to reach 11% overall.

Adjusted EBITDA for the Total Group, including discontinued operations, was €136 million versus a plan target of €153 million. The adjusted EBITDA was hit by an unprecedented inflation impact of €(405) million. These included raw materials, especially super-absorbent polymers, operating costs, namely energy, distribution and wages, as well as SG&A costs. The inflation could only be partly offset by the €299 million effect of revenue growth and €81 million gross operating cost savings, including the footprint reduction by closing three plants, operational efficiency gains, supply chain savings and the benefits of product innovation.

Free cash flow stood at €(54) million versus a target of €0 million in the financial year 2022 and versus free cash flow of €53 million in the financial year 2021. The decrease essentially reflects the lower EBITDA and an increase in working capital needs, as revenue grew. Capex, lease payments and smaller assets disposals were €(83) million combined. The cash impact of non-recurring costs and other adjustments to EBITDA was €(37) million. Cash taxes represented €(25) million.

The lower than expected financial performance, compared to the 2022 plan, results in bonus pay-outs which are lower than target: an average of 76% of target for the members of the Executive Committee (excluding the previous CEO). The details of the bonus calculation can be found in the section on the 2022 remuneration of the members of the Executive Committee (see further). A significant portion of the total remuneration paid to the members of the Executive Committee comprised contractually agreed termination payments to the Company's previous CEO, Ms. Esther Berrozpe, who has left the company in November 2022. The current CEO is not entitled to a bonus related to 2022. With the exception of the new CEO, Mr. Gustavo Calvo Paz (who was a member of the Company's board of directors prior to being appointed as CEO), all of the current Executive Committee members have joined the Company prior to 2022.

The overhaul of the Company's remuneration policy in 2021 also brought about a structural change to the long-term incentive (LTI) award, which – since that date – no longer consists of stock options and restricted stock units, but solely of performance shares with a 3-year performance-based vesting. This change ensures better alignment between management and shareholder interests. In line with the remuneration policy, the 2022 LTI grant consisted solely of performance shares. The financial impact on the long-term incentives will become visible for the first time at vesting of the performance shares in 2024 (2021 grant). The long-term incentives that vested in 2022, as described further, still represent the stock options and restricted stock units that were granted in 2019, under the previous remuneration policy.

9.2 2022 REMUNERATION OF THE DIRECTORS

All members of the Board are Non-Executive Directors. During financial year 2022, each Director received (i) an annual fixed fee as well as (ii) attendance fees which are a function of the number of Board and committee meetings attended by such Director. Directors did not receive any variable compensation, fringe benefits or pension contribution payments.

It should be noted that there were 21 Board of Director Meetings in 2022 (vs 15 in 2021) and 12 Remuneration & Nomination Committees (vs 7 in 2021).

The composition of the Board underwent a number of changes during 2022:

- With effect from the Company's annual shareholders' meeting of May 5, 2022, Mr. Philippe Costeletos (Non-Executive Director) resigned from the Board. On that same date, the mandate of Inge Boets BV, permanently represented by Ms. Inge Boets, was renewed, and Mr. Ebrahim Attarzadeh (Non-Executive Director, appointed upon nomination of ENA Investment Capital LLC) and Mr. Paul McNulty (Independent Director, appointed upon nomination of Veraison SICAV – Engagement Fund) were appointed to the Board.
- With effect from October 1st, 2022, JH GmbH, permanently represented by Mr. Jesper Hojer (Non-Executive Director), resigned from the Board. With effect from the same date, the Board approved the co-optation of HVV GmbH, permanently represented by Mr. Jesper Hojer, as new (Non-Executive) Director for the remainder of the term of JH GmbH and to be submitted for approval to the Company's next shareholders' meeting.
- On November 9, 2022, Mr. Gustavo Calvo Paz resigned from the Board. Mr. Calvo Paz was subsequently appointed as new CEO of the company with effect from November 14, 2022.
- Finally, with effect from January 1st, 2023, Regina S.à r.l., permanently represented by Ms. Regi Aalstad (Independent Director), and Alane Srl, permanently represented by Mr. Aldo Cardoso (Non-Executive Director), resigned as Directors.

Finally, the Board committees were reorganized with effect from January 1st 2023, as follows: (i) the Strategy Committee was dissolved; (ii) Mr. Paul McNulty was appointed as a member of the Audit & Risk Committee; and (iii) Mr. Jesper Hojer was appointed as a member of the Remuneration & Nomination Committee (in replacement of Alane Srl, permanently represented by Mr. Aldo Cardoso).

The amounts paid to Directors during financial year 2022 are shown in the table below.

Name	Mandate	Fixed fee (EUR)	# Board meetings attended	Board attendance fee (EUR)	# N&R Committee meetings attended	N&R Committee attendance fee (EUR)	# A&R Committee meetings attended	A&R Committee attendance fee (EUR)	# Strategy Committee meetings attended	Strategy Committee attendance fee (EUR)	Total fees for 2022 (EUR)[1]
ViaBylity BV, permanently represented by Hans Van Bylen	Chairman of the Board of Directors, Independent Director Chairman of the Strategy Committee	320,000	21/21	5,000	12/12	4,000	6/6	2,500	5/5	4,000	460,500
Regina SARL, permanently represented by Regi Aalstad	Independent Director	60,000	21/21	2,500					4/5	2,500	106,250

Ebrahim Attarzadeh	Non-Executive Director	40,000[2]	12/12	2,500	7/7	2,500					75,833
Inge Boets BV, permanently represented by Inge Boets	Chairwoman of the Audit and Risk Committee, Independent Director	70,000	21/21	2,500			6/6	4,000	3/3[3]	2,500	135,000
Michael Bredael	Non-Executive Director	60,000	21/21	2,500			6/6	2,500	5/5[4]	2,500	120,000
Gustavo Calvo Paz [5]	Non-Executive Director	35,000	17/19	2,500					5/5	2,500	89,167
Alane Srl, permanently represented by Aldo Cardoso	Non-Executive Director	60,000	20/21	2,500	12/12	2,500					120,000
Philippe Costeletos [6]	Non-Executive Director	20,000	8/9	2,500	5/5	2,500			2/3[7]	2,500	47,917
Isabel Hochgesand	Independent Director	60,000	17/21	2,500	11/12	2,500					111,250
JH GmbH (until October 1st, 2022) and HVV GmbH (as from October 1st, 2022), permanently represented by Jesper Hojer [8]	Non-Executive Director	60,000	20/21	2,500					5/5	2,500	105,000
MJA Consulting, permanently represented by Manon Janssen	Independent Director	60,000	16/21	2,500	10/12	2,500					111,667
Paul McNulty [9]	Independent Director	40,000	12/12	2,500					2/2	2,500	63,333
Rodney Olsen	Non-Executive Director	60,000	20/21	2,500			6/6	2,500	5/5[10]	2,500	117,500

[1] For certain Directors, the total fee for 2022 is lower than the sum of the fixed fee and attendance fees. The reason is that no attendance fee was paid for certain ad hoc Board and Board Committee meetings.
[2] Ebrahim Attarzadeh joined the Board as from May 5, 2022.
[3] Inge Boets BV, permanently represented by Ms. Inge Boets, attended three Strategy Committee meetings as special invitee, for which she was remunerated.
[4] Michael Bredael attended five Strategy Committee meetings as special invitee, for which he was remunerated.
[5] Gustavo Calvo Paz resigned from the Board on November 9, 2022.
[6] Philippe Costeletos resigned from the Board on May 5, 2022.
[7] Philippe Costeletos attended two Strategy Committee meetings as special invitee, for which he was remunerated.
[8] With effect from October 1st, 2022, JH GmbH, permanently represented by Jesper Hojer, resigned from the Board. With effect from the same date, the Board approved the co-optation of HVV GmbH, permanently represented by Jesper Hojer, as new Director for the remainder of the term of JH GmbH (and to be submitted for approval to the Company's next shareholders' meeting).
[9] Paul McNulty joined the Board as from May 5, 2022.
[10] Rodney Olsen attended five Strategy Committee meetings as special invitee, for which he was remunerated.

9.3 2021 REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

9.3.1. Introduction

The composition of the Executive Committee underwent a significant change during 2022. Mr. Gustavo Calvo Paz was appointed as CEO with effect from November 14, 2022. The former CEO, Ms. Esther Berrozpe, left the Company with effect from that same date. Her remuneration, including termination payments, has been included in this remuneration report up to that date.

9.3.2. Total Remuneration Summary

The 2022 total remuneration paid to the CEOs and the other members of the Executive Committee is summarized in the table below.

Members of the Executive Committee		Fixed remuneration (EUR)		Variable remuneration (EUR)		Extra-ordinary items (EUR)	Pension expense (EUR)	Total remuneration (EUR)
		Base salary	Other benefits	One-year variable	Multi-year variable			
Berrozpe, Esther	Chief Executive Officer (01/01/2022 - 13/11/2022)	787,500	89,575	782,500	0	1,980,000	172,260	3,811,835
Calvo Paz, Gustavo	Chief Executive Officer (14/11/2022 - 31/12/2022)	112,500	5,347	0	0	0	15,660	133,507
Other Members of the Executive Committee		2,816,586	239,049	1,240,218	106,657	298,993	588,103	5,289,606

The relative share of the different remuneration components in the total remuneration is shown below.

	CEO	Other members of the Exec. Committee
Fixed remuneration as % of total remuneration	30%	69%
Variable remuneration as % of total remuneration	20%	25%
Extraordinary remuneration as % of total remuneration	50%	6%

Fixed Remuneration

A. Base Remuneration

The base remuneration of the CEO and the other members of the Executive Committee is aligned with a benchmark representing the median compensation for a European peer group of personal and household goods companies. The base remuneration of the members of the Executive Committee members who exercised their respective positions throughout the year remained unchanged (including no adjustment for inflation), in line with the Company's remuneration policy to keep base remuneration fixed for 3 years.

B. Other Benefits

Other benefits include the cost of medical, life and disability insurances, company car and children school fees.

Variable Remuneration

A. One-year Variable

The 2022 bonus for the former CEO and the other members of the Executive Committee has been determined on the basis of a set of financial and non-financial KPIs.

As set forth in the Company's remuneration policy, the threshold performance is set at 75% of target for the financial KPIs, with up to 100% of the target bonus earned in case of on-target performance and a maximum of 200% of the target bonus payable for a performance reaching 125% of target or more.

CEO bonus

In line with the remuneration policy, the former CEO received a pro rata temporis at target bonus of 782,500 EUR.

The new CEO is not eligible for a bonus related to 2022.

Bonus for the other members of the Executive Committee

The 2022 bonus for the members of the Executive Committee with a Group-wide responsibility (CFO, Chief Supply Officer, EVP R&D and Sustainability, CHRO, and EVP Legal & Secretary General) has been determined on the basis of the following set of financial KPIs.

- Group Like-for-like Revenue – weight 25%
- Group Adjusted EBITDA – weight 25%
- Group Free Cash Flow – weight 25%
- Non-financial KPIs – weight 25%

The 2022 non-financial KPIs for these members of the Executive Committee were function-specific.

Group bonus	Target	Delivery	Achieved	Pay-out	Total
LFL revenue	€2.226M	€2,.372M	107%	153%	51%
Adj. EBITDA	€153M	€136M	89%	42%	14%
FCF	€0M	€(55)M	0%	0%	0%
Group achieved pay-out (average)					**65%**

The 2022 bonus for the Divisional President was based on the following KPIs:

- Group Financial KPIs – same as other members of the Executive Committee (Group Like-for-Like Revenue, Group Adjusted EBITDA and Group Free Cash Flow) – weight 37.5%
- Division Financial KPIs – Like-for-like Revenue, EBIT, Days of Sales Outstanding (DSO, i.e. the number of days it takes the Company to collect payments from its customers) – weight 37.5%
- Function-specific non-financial KPIs – weight 25%

Divisional KPIs	Europe			
	Target	Delivery	Achieved	Pay-out
LFL revenue	€1.276M	€1.388M	109%	168%
EBIT	€123M	€107M	87%	26%
DIO	40	40	100%	100%
DSO	63	62	103%	112%
Divisional achieved pay-out (weighted)				**100%**

The total aggregate bonus amount paid to the other members of the Executive Committee for 2022 amounts to 1,240,218 EUR.

The bonus for the members of the Executive Committee is subject to a claw-back (without time limitation) in case the Company's financial results would have to be materially restated as a result of their fraud, willful misconduct or gross negligence.

B. Multi-year Variable

Long-term Incentive vesting in 2022

The table below shows the restricted stock units and the stock options which were granted in 2019 and which vested in 2022. The value of the restricted stock units is calculated on the basis of the closing share price of the Ontex share on the trading day preceding the vesting. The value of the stock options is calculated on the basis of the closing share price of the Ontex share on the trading day preceding the vesting and the grant price, if positive. As indicated in the table below, all the vested options remain under their grant price of 14.00 EUR.

Name	Function	Grant Date	Vesting Date	Share Price at vest (EUR)	Restricted Stock Units		Stock Options	
					Number vested	Value at vest (EUR)	Number vested	Value at vest
De Lathauwer, Astrid	Executive VP Human Resources (01/01/2022 - 31/03/2022)	13-Jun-19	13-Jun-22	7.13	4,236	30,194	14,864	-
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	13-Jun-19	13-Jun-22	7.13	4,595	32,753	16,125	-
Deroo, Jonas	Executive VP Legal & Secretary General	13-Jun-19	13-Jun-22	7.13	752	5,360	-	-
Nielly, Laurent	President Europe division	13-Jun-19	13-Jun-22	7.13	5,380	38,349	18,878	-

Extra-Ordinary Items

The amount reported under extra-ordinary items represents the termination and non-compete indemnities which have been paid to departing members of the Executive Committee as well as a relocation allowance for the Chief HR Officer.

The Company's former CEO, Ms. Esther Berrozpe, received a termination indemnity of 1,980,000 EUR, composed of 12 months of fixed fee (900,000 EUR), one year performance bonus at target (900,000 EUR) and one year of pension contribution (180,000 EUR). This indemnity also covers a 12-months non-compete undertaking. This termination indemnity reflects the contractual exit provisions agreed with Ms. Esther Berrozpe when joining the company as CEO, in compliance with the company's remuneration policy.

The Company's former EVP Human Resources, Ms. Astrid De Lathauwer, received a termination indemnity of 287,283 EUR, including an indemnity covering a 12-months' non-compete. This termination indemnity reflects the contractual exit provisions agreed with Ms. Astrid De Lathauwer.

The Chief HR Officer received an allowance of 11,710 EUR related to her relocation to Belgium.

Pension Expenses

The pension expenses include the 2022 contributions paid by the Company to a defined contribution pension plan for the benefit of the members of the Executive Committee, for a total amount of 776,023 EUR. More details on the pension expenses to the CEO and the other members of the Executive Committee are summarized in section 9.3.2 (Total Remuneration Summary).

9.3.3. Share-based Remuneration

2022 LTIP grant

The CEO and members of the Executive Committee also received an LTIP grant in 2022. This 2022 LTIP grant, which took place on March 10, 2022, consisted solely of performance shares.

The KPIs for the 2022 performance shares, which are subject to a 3-year vesting period, are shown in the table below. The grant price for the 2022 performance shares is equal to the closing price of the Ontex share on Euronext Brussels on March 9, 2022, being 6.91 EUR.

KPI	Weight
Adjusted Basic EPS	50%
Relative Total Shareholder Return (“TSR”)	30%
CO2 Emissions	10%
Labor Accident Frequency	10%

As the Adjusted Basic EPS target for the 2022 performance shares is commercially sensitive, the target and achievement against this target will be disclosed in the Company's remuneration report after the final date set for the target for the relevant performance shares. For the 2022 performance shares, the adjusted basic EPS target is tested for the period from 1 January 2022 until 31 December 2024, to determine the vesting of shares in 2025. The Company's intention is to disclose the adjusted basis EPS target and the achievement against such target in its remuneration report with respect to financial year 2024.

Relative TSR will be measured against the STOXX Europe 600 Personal and Household Goods Index. All measures will be evaluated at the end of the 3-year period, i.e. at December 31, 2024. The vesting schedule for this KPI is shown below.

Performance	Vesting
80% of index return (threshold)	50%
100% of index return	100%
120% of index return (cap)	200%

The Company has set the ambition to become CO2 neutral for scope 1 and scope 2 emissions by 2030. The CO2 emission reduction target for the 2022 performance shares reflects the reduction needed over the 2022-2024 vesting period to achieve that ambition. The measurement for this KPI is tons CO2 per 100 million produced pieces. The targets and vesting scheme for the CO2 emissions are shown below.

KPI	Threshold (vesting starts)	Target (100% vesting)	Cap (200% vesting)
CO2 Emissions	158	140	120

The Company has also set a zero labor accident ambition by 2030. The accident reduction target for the 2022 performance share reflects the reduction of accidents needed over the 2022-2024 vesting period to achieve that ambition. The measurement for this KPI is the number of labor accidents times 1 million divided by the total hours worked.

The target and vesting scheme for the accident KPIs are shown below

KPI	Threshold (vesting starts)	Target (100% vesting)	Cap (200% vesting)
Labor Accident Frequency	2.50	1.50	0.50

The tables below provide the details of the 2022 LTIP grant for the CEO and the other members of the Executive Committee.

Performance share units awarded during the reported financial year

Management Committee Member	Position	Number of PSUs awarded and accepted	Award date	Vesting date	Share value at the time of the grant	Total value awarded
Berrozpe, Esther	Chief Executive Officer	149,891	10/03/2022	10/03/2025	€6.91	€1,034,997
Crepy, Vincent	Chief Supply Officer	35,047	10/03/2022	10/03/2025	€6.91	€242,000
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	33,613	10/03/2022	10/03/2025	€6.91	€232,098
Deroo, Jonas	Executive VP Legal & Secretary General	23,896	10/03/2022	10/03/2025	€6.91	€165,002
McDonald, Stephanie	Chief HR Officer	33,454	10/03/2022	10/03/2025	€6.91	€231,000
Nielly, Laurent	President Europe division	35,286	10/03/2022	10/03/2025	€6.91	€243,650
Vanneste, Peter	Chief Finance Officer	51,774	10/03/2022	10/03/2025	€6.91	€357,499

Overview of share-based remuneration for the CEO and other members of the Executive Committee

The tables below set out the opening and closing balances, as well as movements during the year 2022, in share-based remuneration for the former CEO and the other members (or former members) of the Executive Committee.

Since 2021, members of the Executive Committee are required to keep 50% of LTIP shares that have vested until they have acquired a shareholding representing 2 times (CEO) or 1 time (other members of the Executive Committee) their annual base salary. Furthermore, once this amount is reached, members of the Executive Committee will be required to maintain such shareholding throughout their executive tenure.

Beneficiary	Plan Type	Main Conditions of the Stock Option Plan				Information for the reported financial year											
		Grant Date	Vesting Date	Exercise period	Strike Price (EUR)	Opening Balance		During the Year								Closing Balance	
						Vested	Un-vested	Number awarded	Value awarded	Number vested	Value vested	Number exercised	Value Exercised	Number Forfeited	Value Forfeited	Vested	Unvested
Amselem, Armando	SOP 2016	12-May-16	13-May-19	8 years	28.44	15,106										15,106	0
	SOP 2017	11-May-17	12-May-20	8 years	33.11	14,882										14,882	0
	SOP 2018	29-May-18	30-May-21	8 years	23.56	23,193										23,193	0
	SOP 2019	13-Jun-19	14-Jun-22	8 years	14.00	0	15,508							15,508	0	0	0
	SOP 2020	28-May-20	29-May-23	8 years	13.90	0	32,215							32,215	0	0	0
De Lathauwer, Astrid	SOP 2016	12-May-16	13-May-19	8 years	28.44	11,666										11,666	0
	SOP 2017	11-May-17	12-May-20	8 years	33.11	10,559										10,559	0
	SOP 2018	29-May-18	30-May-21	8 years	23.56	19,441										19,441	0
	SOP 2019	13-Jun-19	14-Jun-22	8 years	14.00	0	16,722			14,864	0			1,858	0	14,864	0
	SOP 2020	28-May-20	29-May-23	8 years	13.90	0	22,436							9,349	0	0	13,087
De Poorter, Annick	SOP 2016	12-May-16	13-May-19	8 years	28.44	8,522										8,522	0
	SOP 2017	11-May-17	12-May-20	8 years	33.11	9,316										9,316	0
	SOP 2018	29-May-18	30-May-21	8 years	23.56	17,931										17,931	0

	SOP 2019	13-Jun-19	14-Jun-22	8 years	14.00	0	16,125	16,125	0	16,125	0
	SOP 2020	28-May-20	29-May-23	8 years	13.90	0	24,717			0	24,717
Deroo, Jonas	SOP 2016	12-May-16	13-May-19	8 years	28.44	2,204				2,204	0
	SOP 2017	11-May-17	12-May-20	8 years	33.11	1,995				1,995	0
	SOP 2018	29-May-18	30-May-21	8 years	23.56	3,376				3,376	0
Nielly, Laurent	SOP 2017	11-May-17	12-May-20	8 years	33.11	13,734				13,734	0
	SOP 2018	29-May-18	30-May-21	8 years	23.56	19,212				19,212	0
	SOP 2019	13-Jun-19	14-Jun-22	8 years	14.00	0	18,878	18,878	0	18,878	0
	SOP 2020	28-May-20	29-May-23	8 years	13.90	0	19,031			0	19,031

Value awarded is obtained by multiplying the number of options awarded by the value of the option at grant

Value vested is obtained by multiplying the number of options vested by the difference between the grant price and the share price at vesting, if positive

Value exercised is obtained by multiplying the number of options exercised by the difference between the grant price and the share price at exercise, if positive

Value forfeited is obtained by multiplying the number of options forfeited by the difference between the grant price and the share price at the time of forfeiture, if positive

Beneficiary	Plan Type	Main RSU Conditions		Information for the reported financial year							
		Grant Date	Vesting Date	Opening Balance	During the Year						Closing Balance
				Unvested	Number awarded	Value awarded	Number vested	Value vested	Number Forfeited	Value Forfeited	Unvested
Amselem, Armando	RSU 2018	29-May-18	30-May-21								0
	RSU 2019	13-Jun-19	14-Jun-22	4,420					4,420	28,642	0
	RSU 2020	28-May-20	29-May-23	7,254					7,254	47,006	0
De Lathauwer, Astrid	RSU 2018	29-May-18	30-May-21								0
	RSU 2019	13-Jun-19	14-Jun-22	4,766			4,236	30,194	530	3,511	0
	RSU 2020	28-May-20	29-May-23	5,052					2,105	13,946	2,947
De Poorter, Annick	RSU 2018	29-May-18	30-May-21								0
	RSU 2019	13-Jun-19	14-Jun-22	4,595			4,595	32,753			0
	RSU 2020	28-May-20	29-May-23	5,566							5,566
Deroo, Jonas	RSU 2018	29-May-18	30-May-21								0
	RSU 2019	13-Jun-19	14-Jun-22	752			752	5,360			0
	RSU 2020	28-May-20	29-May-23	799							799
Nielly, Laurent	RSU 2018	29-May-18	30-May-21								0
	RSU 2019	13-Jun-19	14-Jun-22	5,380			5,380	38,349			0
	RSU 2020	28-May-20	29-May-23	4,285							4,285

Value awarded is obtained by multiplying the number of RSUs awarded by the closing share price on the date preceding the grant

Value vested is obtained by multiplying the number of RSUs vested by the share price at 12PM on the date of the vesting

Value forfeited is obtained by multiplying the number of RSUs forfeited by the closing share price on the date of forfeiture

Beneficiary	Main PS Conditions				Information for the reported financial year							
	Plan Type	Performance period	Grant Date	Vesting Date	Opening Balance	During the Year						Closing Balance
					Unvested	Number awarded	Value awarded	Number vested	Value vested	Number Forfeited	Value Forfeited	Unvested
Amselem, Armando	PS 2019	2019-2021	13-Jun-19	14-Jun-22	4,420					4,420	28,642	0
	PS 2020	2020-2022	28-May-20	29-May-23	7,254					7,254	47,006	0
	PS 2021	2021-2023	27-May-21	28-May-24	20,814					20,814	134,875	0
Berrozpe, Esther	PS 2021	2021-2023	27-May-21	28-May-24	94,954					35,008	209,173	59,946
	PS 2022	2022-2024	10-Mar-22	10-Mar-25		149,891	1,034,997			116,582	696,577	33,309
Crepy, Vincent	PS 2021	2021-2023	27-May-21	28-May-24	22,202							22,202
	PS 2022	2022-2024	10-Mar-22	10-Mar-25		35,047	242,000					35,047
De Lathauwer, Astrid	PS 2019	2019-2021	13-Jun-19	14-Jun-22	4,766					4,766	33,706	0
	PS 2020	2020-2022	28-May-20	29-May-23	5,052					2,107	13,959	2,945
	PS 2021	2021-2023	27-May-21	28-May-24	19,328					14,497	96,043	4,831
De Poorter, Annick	PS 2019	2019-2021	13-Jun-19	14-Jun-22	4,595					4,595	32,753	0
	PS 2020	2020-2022	28-May-20	29-May-23	5,566							5,566
	PS 2021	2021-2023	27-May-21	28-May-24	21,293							21,293
	PS 2022	2022-2024	10-Mar-22	10-Mar-25		33,613	232,098					33,613
Deroo, Jonas	PS 2019	2019-2021	13-Jun-19	14-Jun-22	752					752	4,493	0
	PS 2020	2020-2022	28-May-20	29-May-23	799							799
	PS 2021	2021-2023	27-May-21	28-May-24	15,138							15,138
	PS 2022	2022-2024	10-Mar-22	10-Mar-25		23,896	165,002					23,896

McDonald, Stephanie	PS 2022	2022-2024	10-Mar-22	10-Mar-25		33,454	231,000			33,454
Nielly, Laurent	PS 2019	2019-2021	13-Jun-19	14-Jun-22	5,380			5,380	32,146	0
	PS 2020	2020-2022	28-May-20	29-May-23	4,285					4,285
	PS 2021	2021-2023	27-May-21	28-May-24	22,353					22,353
	PS 2022	2022-2024	10-Mar-22	10-Mar-25		35,286	243,650			35,286
Vanneste, Peter	PS 2021	2021-2023	27-May-21	28-May-24	78,670					78,670
	PS 2022	2022-2024	10-Mar-22	10-Mar-25		51,774	357,499			51,774

Value awarded is obtained by multiplying the number of performance shares awarded by the closing share price on the date preceding the grant

Value vested is obtained by multiplying the number of performance shares vested by the share price at 12PM on the date of the vesting

Value forfeited is obtained by multiplying the number of performance shares forfeited by the closing share price on the date of forfeiture

9.4. REMUNERATION AND PERFORMANCE EVOLUTION OVER THE LAST 5 YEARS

The table below sets out the evolution of the remuneration of the Directors, the CEO and the other members of the Executive Committee, the average remuneration of the other employees, as well as the Revenue and Adjusted EBITDA performance at reported currencies.

(all amounts in EUR)		2018	2019	2020	2021	2022
Remuneration Directors		878 500	796 000	1 384 408	1 356 500	1 663 417
	Year-on-year change(1)	*22%*	*-9%*	*74%*	*-2%*	*23%*
Remuneration CEO		1 645 643	2 570 254	6 779 690	1 588 121	3 945 342
	Year-on-year change (2)	*23%*	*56%*	*164%*	*-77%*	*148%*
Remuneration other Executives		7 530 716	9 057 625	7 827 523	6 635 885	5 289 606
	Year-on-year change (3)	*25%*	*20%*	*-14%*	*-15%*	*-20%*
Reported Revenue (Y-o-Y variance)		-3%	0%	-9%	-3%	+22%
Reported Adjusted EBITDA (Y-o-Y variance)		-12%	5%	-4%	-27%	-21%
Reported Free Cash Flow (Y-o-Y variance) a		18%	46%	-46%	-11%	-203%
Average Employee Remuneration		32 967	39 750	38 944	34 884	39 986
	Year-on-year change	*8%*	*21%*	*-2%*	*-10%*	*14%*

Year 2018 restated for IFRS 16 (pro forma inclusion payments lease liabilities).

(1) The increase in the remuneration of Directors is explained by the significant increase in the number of Board of Director meeting and Remuneration & Nomination Committee meetings.

(2) The year-on-year change reported from 2021 to 2022 is 148%, which is explained by the reported termination indemnity in 2022 for the former CEO Esther Berrozpe.

(3) The year-on- year decrease is explained by the reduction in severance payments in 2022 vs 2021.

Remuneration in the table above includes the total remuneration as defined in sections 9.2 (Directors) and 9.3.2 (CEO and other Executives). In addition to the financial KPIs, the variable remuneration is set based on individually determined qualitative KPIs (for the CEO's objectives, we refer to section 9.3.2.). Revenue and Adjusted EBITDA are as per financial communications. The average employee remuneration represents the total remuneration paid to all employees of Ontex in 2022, divided by the average total number of employees during 2022.

The 2022 ratio of the total remuneration of the CEO versus the total remuneration of the lowest remunerated employee (located in Pakistan) is 923. For the calculation of this ratio, the remuneration includes fixed remuneration, variable remuneration as well as employee benefits on a full-time equivalent (FTE) basis. It excludes employer contributions for social security and extra-ordinary payments, because of their non-recurring nature.

9.5. 2023 REMUNERATION OUTLOOK

Since the latest overhaul of the Remuneration Policy, the world has changed dramatically and with it the urgency of the Company's turnaround. Certain exceptional amendments to the Company's remuneration policy will be proposed to the Company's annual shareholders' meeting of May 2023, among others regarding the short-term and long-term incentivization for the CEO and the Executive Committee. Given the need to accelerate the turnaround and to create a strong incentive to the CEO and the Executive Committee, It will be proposed that long-term incentivization will continue to take the form of Performance Share Units, but be focused exclusively on share price evolution. This will also further enhance the alignment with shareholder interests. Also, rather than an annual grant, the 2023 LTI grant for the CEO and the Executive Committee is proposed to cover three years rather than one year.

CO2 emissions and Accidents Rate will be proposed to become part of the annual bonus KPIs.

The financial KPIs and their respective weights for the 2023 annual bonus will be proposed to remain the same as in 2022, bar one: Free Cashflow will be proposed to be replaced by Cash Conversion Cycle. As the financial targets are commercially sensitive, they will not be disclosed upfront. They will however be disclosed in next year's remuneration report, along with actual results on financial year 2023. The 2023 non-financial bonus KPIs will remain function-specific.

Financial statements

Consolidated Financial Statements

FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022 AND 2021

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Ontex Group NV certifies in the name and on behalf of Ontex Group NV, that to the best of their knowledge,

- the consolidated financial statements, established in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex Group NV and of the entities included in the consolidation;
- the annual review presents a fair overview of the development and the results of the business and the position of Ontex Group NV and of the entities included in the consolidation, as well as a description of the principal risks and uncertainties facing them pursuant Article 12, paragraph 2 of the Royal Decree of November 14, 2007

The amounts in this document are represented in millions of euros (€ million), unless noted otherwise.

Due to rounding, numbers presented throughout these consolidated financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT AUDITORS' REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ONTEX GROUP NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Ontex Group NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting *d.d.* 25 May 2020, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the Group's consolidated accounts for 9 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 2,694.5 million and a loss for the year of EUR 270.3 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

<u>(1) Going concern and liquidity situation</u>

Description of the Key Audit Matter

In 2022 Ontex Group incurred a loss of the year of EUR 270.3 million and profitability and cash flow generation were significantly impacted by the unprecedented raw materials and operating cost inflation.

As set out in Note 7.4.1, and 7.17 the debt covenants related to the available credit facilities have been renegotiated for the full year 2022 and replaced by a liquidity covenant which the Group complied with. Management has prepared detailed budgets and cash flow forecasts, which reflect the strategy of the Group. Management is confident that the Company will operate within the limits of the covenant on March 31, June 30 and December 31, 2023, while recognising that the headroom may not be significant. This confidence is strengthened by the business performance so far in the year and the continued progress made in the divestment of the Mexican assets, with closing expected in the second quarter. Moreover, the Group is currently in discussions with the banks to discuss the revolving credit facility extension, currently maturing mid-2024, and will address conditions that meet the financing needs of the Company.

We consider this matter to be of most significance because of the complexity of the assessment process and the significant judgments in respect of assumptions used about the future results of the business and the related cash flow forecasts.

How our Audit addressed the Key Audit Matter

We obtained management’s assessment that supports the Board’s conclusions with respect to the disclosures provided around going concern. We checked the banking agreement for the terms of the financing facilities and agreed these facilities to management’s cash flow forecasts . We verified consistency with the Board’s approved budgets, which were subject to timely oversight and challenge by the Directors. We have critically assessed the historical accuracy of management’s estimates and evaluation of business plans by comparing the prior year’s forecast with the Group’s actual performance. We tested the calculation method used and the accuracy thereof. We obtained management’s plausible up and downside scenario and discussed the assumptions that were applied in order to understand the rationale and the appropriateness of those assumptions. We assessed the availability of liquid resources under different scenarios modelled by management, and the associated covenant test applied. We included a business recovery specialist in our team to assist us with these procedures. We also assessed the adequacy of the disclosures (Note 7.3, Note 7.4.1, Note 7.5.8 and Note 7.17) in the financial statements.

Our results

We found the assumptions used by the directors to be appropriately reflected in the cash flow forecasts and the disclosures to be appropriate.

(2) Disposal Group held for sale and discontinued operations

Description of the key audit matter

Following its strategic review announced at the end of 2021 and formalized beginning of 2022, Ontex Group announced it would pursue divestment opportunities for the activities located in "Emerging Markets". Ontex entered into a binding agreement in July 2022 to sell its Mexican activities, with closing expected in the second quarter of 2023. Ontex is making progress in the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue. Based on these considerations, management determined the criteria of IFRS 5 were met and the activities should be presented as discontinued operations on 31 December 2022.

In accordance with IFRS 5 the group reclassified all assets and all liabilities related to these activities as Assets classified as held for sale and Liabilities related to assets classified as held for sale which amount to respectively EUR 661,7 million and EUR 249,6 million per 31 December 2022. In the consolidated income statement, the loss for the period of the activities located in Emerging Markets was presented in one line as "Loss for the period from discontinued operations" and amounts to EUR 121,6 million.

We consider this matter to be of most significance because of the size of the operations that are expected to be sold, the complexity of the planned transactions and judgements made by management in the valuation of the related assets and liabilities at the lower of carrying amount and fair value less costs to sell.

The assets classified as held for sale and the related liabilities, the key lines of the results and cash flows related to discontinued operations are detailed in noted 7.8 of the financial statements.

How our audit addressed the key audit matter

We read minutes of the Board of Directors and agreements or letters of intent with (potential) buyers of the activities held for sale. We discussed with management the divestment process and agreements reached with (potential) buyers to evaluate the appropriateness of the accounting treatment, valuation, and disclosure in line with IFRS 5.

We performed procedures to verify completeness and accuracy of the assets, liabilities, results and cash flows presented as discontinued operations, including measurement in accordance with IFRS 5. Our procedures include but are not restricted to:

- Reconciling the reclassified assets, liabilities and results to the group reporting forms of the activities that are held for sale;
- Validating assumptions taken on carved out assets, liabilities and net results of legal companies active in both continuing and discontinuing activities at Ontex Group based on audit evidence obtained;
- Reviewing and challenging management's preliminary estimate of the disposal loss;
- Evaluating the adequacy of the disclosure (Note 7.4.9 and 7.8) of the assets held for sale and discontinued operations in the consolidated accounts;
- Reviewing the restatement of the 2021 consolidated income statement following the classification of the Emerging Markets as Discontinued Operations.

Our results

We agree with management's position that the IFRS 5 criteria were met as of 31 December 2022. We found the methodologies and the assumptions applied in respect of the reclassified assets, liabilities and results of the discontinued operations and the preliminary estimate of the disposal loss to be in line with our expectations and the agreements and negotiations with (potential) buyers. We consider the disclosure on the discontinued operations as appropriate.

(3) Impairment of goodwill

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 797,9 million at 31 December 2022 and recognised an impairment loss of EUR 84,1 million during 2022 on the goodwill of the CGU Russia as detailed in disclosure 7.9. Under the International Financial Reporting Standards as endorsed by the EU ("IFRS's"), the Company is required to test the amount of goodwill for impairment at least annually.
We consider this matter to be of most significance because of the complexity of the assessment process and significant judgments in respect of assumptions about the future results of the business and the discount rates applied to future cash flow forecasts. The most important assumptions relate to the discount rate, growth rates of revenue and operating margin.

How our audit addressed the key audit matter

We challenged whether the goodwill impairment test was performed at the lowest CGU level at which the goodwill is monitored. We challenged the cash flow projections used in the impairment tests and the process through which they were prepared. We found that the projected cash flows for 2023 were consistent with the Board's approved budgets, which were subject to timely oversight and challenge by the Directors. We have critically assessed the historical accuracy of management's estimates and evaluation of business plans by comparing the prior year's forecast with the Group's actual performance. For the cash flows after 2023 we critically assessed and challenged the assumptions related to the long-term growth rates, by comparing them to industry forecasts and historical growth rates. We compared the weighted average cost of capital ("WACC") to the cost of capital and debt of the Group and comparable organisations, as well as considering territory specific factors. We tested the calculation method used and the accuracy thereof. We compared operating margin, working capital- and CAPEX percentage with past actuals. We challenged the adequacy of management's sensitivity analysis of the headroom. For all CGUs we calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management. We included valuation specialists in our team to assist us with these procedures. We tested the calculation of the impairment recognised on the Russia CGU and assessed the allocation of the impairment charge to goodwill of this CGU. We also evaluated the adequacy of the disclosures (Note 7.9 and Note 7.4.4) in the financial statements.

Our results

From our sensitivity analysis, we found the likelihood of changes resulting in additional impairment losses to be unlikely.

(4) Valuation of deferred taxes and valuation allowance on deferred tax assets related to tax losses carried forward

Description of the key audit matter

Ontex has recognised a deferred tax asset and a deferred tax liability of respectively EUR 12.1 million and EUR 21.3 million at 31 December 2022. At the same time, a deferred tax asset position of EUR 121.2 million was not recognised, as disclosed in Note 7.19.1. In 2022 Ontex wrote-off EUR 12.0 million of deferred tax assets on previously recognised tax losses and EUR 23.4 million deferred tax asset positions on tax losses of 2022 were not recognised as disclosed in Note 7.27.
The valuation of the deferred tax positions at Ontex involved significant judgement, more specifically in the determination of the recognition of deferred tax assets related to tax losses carried forward. The estimation of the future taxable basis is highly judgemental as well as the assessment of the impact of tax laws and regulations, tax planning action and strategies, rulings and transfer pricing. Because of all the aforementioned reasons, we found this key audit matter to be of most significance for our audit.

How our audit addressed the key audit matter

We challenged the assumptions made to assess the recoverability of deferred tax assets related to tax losses carried forward and the timing of the reversal of deferred tax positions. During our procedures, we used amongst others budgets, forecasts and tax laws and in addition we assessed the historical accuracy of management's assumptions. An important management judgement was the period over which taxable profits can be reliably estimated and consequently, no deferred tax assets are recognised for tax losses used in any period beyond. We verified that the deferred tax position was calculated at the enacted tax rate for the year in which the deferred tax position is expected to reverse.
We also assessed the adequacy and completeness of the Company's disclosure included in Note 7.4.2, 7.19.1 and 7.27 in respect of deferred taxes.

Our results

We found management's judgements in respect of the Group's deferred tax positions to be consistent and in line with our expectations.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the 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 the board of directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors' are described below.

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 consolidated accounts, 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 Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' 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 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 statutory auditor's report to the related disclosures in the consolidated accounts 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 statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee 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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors’ report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

Statutory auditor’s responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors’ report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors’ report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors’ report on the consolidated accounts, this directors’ report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors’ report on the consolidated accounts and the other information included in the annual report on the consolidated accounts, is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors’ report on the consolidated accounts. The Company has prepared the non-financial information, based on the Global Reporting Initiative (GRI) standards and with reference to the Sustainable Development Goals (SDG). However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative (GRI) standards and with reference to the Sustainable Development Goals (SDG) as disclosed in the directors’ report on the consolidated accounts.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Uniform Electronic Format (ESEF)

We have also verified, in accordance with the draft standard on the verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter “ESEF”), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: “Delegated Regulation”).

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter “Digital consolidated financial statements”) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements complies in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work we have performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Ontex Group NV per 31 December 2022 comply in all material respects with the ESEF requirements under the Delegated Regulation.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Ghent, 31 March 2023

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
represented by

Lien Winne
Réviseur d’Entreprises / Bedrijfsrevisor

1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on March 16, 2023.

1.2. BUSINESS ACTIVITIES

Ontex is a leading international provider of personal hygiene solutions, with expertise in baby care, feminine care and adult care. Ontex's innovative products are distributed in more than 110 countries through leading retailer brands, lifestyle brands and Ontex brands. Employing approximately 9,000 passionate people all over the world, Ontex has a presence in 21 countries, with its headquarters in Aalst, Belgium.

1.3. HISTORY OF THE GROUP

Ontex was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into its current core product categories and grew the business internationally both organically and through acquisitions.

After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, Ontex was listed on Euronext Brussels in 1998. Following the listing, Ontex experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

Ontex was acquired by funds advised by Candover in 2003 and subsequently de-listed from Euronext Brussels. Ontex acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, Ontex acquired iD Medica, which sells incontinence products in Germany.

In 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, Ontex opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult incontinence market in France. In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan.

In June 2014, Ontex Group NV successfully listed its shares on the Euronext Brussels exchange and trades under the ticker 'ONTEX'.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil").

In July 2017 Ontex opened its new production plant in Ethiopia for the manufacturing of baby diapers that are specifically meeting the needs of African families.

In February 2019, Ontex opened a new production plant in Radomsko, Poland to support its Central European business.

In July 2020, Ontex acquired the US feminine hygiene assets from Albaad Massuot Yitzhak Ltd. in Rockingham County to further develop the North American business.

In December 2021, Ontex announced its reviewed strategy to focus on its partner and healthcare brands business, which is concentrated in Europe and North America, and thereby is pursuing alternative strategic solutions for its mainly own brand focused businesses in the emerging markets of Central and South America, as well as the Middle East and Africa. This strategy was formalized and reflected in the Company's financial statements beginning of 2022.

In July 2022, Ontex entered into a binding agreement to sell its Mexican and related export activities to Softys S.A., marking a milestone in the transformation of Ontex. The closing is foreseen early Q2 2023, subject to the customary conditions, including the applicable merger clearance approvals.

1.4. LEGAL STATUS

Ontex Group NV is a limited-liability company incorporated as a "*naamloze vennootschap*" ("NV") under Belgian law with company registration number 0550.880.915. Ontex Group NV has its registered office at Korte Keppestraat 21, 9320 Erembodegem (Aalst), Belgium. The shares of Ontex Group NV are listed on the regulated market of Euronext Brussels.

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2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

ASSETS in € million	Note	December 31, 2022	December 31, 2021
Non-current Assets			
Goodwill	9	797.9	1,039.9
Intangible assets	9	32.7	45.8
Property, plant and equipment	10	420.1	573.4
Right-of-use assets	11	110.1	102.0
Deferred tax assets	19	12.1	19.7
Non-current receivables		0.3	3.5
		1,373.3	**1,784.4**
Current Assets			
Inventories	12	264.3	358.7
Trade receivables	13	191.8	269.8
Prepaid expenses and other receivables	13	36.8	69.2
Current tax assets	19	5.0	15.0
Derivative financial assets	5.1	12.1	5.3
Other financial assets		0.4	0.3
Cash and cash equivalents	14	149.1	246.7
Assets classified as held for sale	8	661.7	-
		1,321.3	**965.1**
TOTAL ASSETS		**2,694.5**	**2,749.4**

EQUITY AND LIABILITIES in € million	Note	December 31, 2022	December 31, 2021
Equity attributable to owners of the company			
Share capital & premium	15	1,208.0	1,208.0
Treasury shares		(34.2)	(36.3)
Cumulative translation reserves		(301.9)	(333.1)
Retained earnings and other reserves		(13.4)	207.8
TOTAL EQUITY		**858.4**	**1,046.3**
Non-current liabilities			
Employee benefit liabilities	18	13.5	22.0
Interest-bearing debts	17	891.7	885.2
Deferred tax liabilities	19	21.3	22.5
Other payables		0.4	0.2
		926.9	**929.9**
Current liabilities			
Interest-bearing debts	17	145.4	87.0
Derivative financial liabilities	5.1	15.0	4.1
Trade payables	20	405.3	532.6
Accrued expenses and other payables	20	22.6	39.0
Employee benefit liabilities	20	40.4	46.2
Current tax liabilities	19	23.0	31.8
Provisions	21	8.0	32.6
Liabilities related to assets classified as held for sale	8	249.6	-
		909.2	**773.2**
TOTAL LIABILITIES		**1,836.1**	**1,703.2**
TOTAL EQUITY AND LIABILITIES		**2,694.5**	**2,749.4**

The accompanying notes are an integral part of the audited consolidated financial statements.

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3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31

		Full Year	
in € million	**Note**	**2022**	**2021***
Revenue	6	1,672.2	1,408.7
Cost of sales	25	(1,294.7)	(1,007.0)
Gross Profit		**377.5**	**401.7**
Distribution expenses	25	(191.3)	(153.4)
Sales and marketing expenses	25	(82.1)	(83.1)
General administrative expenses	25	(75.6)	(67.6)
Other operating income/(expenses), net	23-25	5.1	(7.0)
Income and expenses related to changes to Group structure	24	(11.2)	(34.2)
Income and expenses related to impairments and major litigations	24	(91.8)	(25.5)
Operating profit/(loss)		**(69.4)**	**30.9**
Finance income	26	0.8	0.6
Finance costs	26	(49.3)	(39.6)
Net exchange differences relating to financing activities	26	(2.4)	(2.5)
Net finance cost		**(50.9)**	**(41.5)**
Profit/(loss) before income tax		**(120.3)**	**(10.6)**
Income tax expense	27	(28.4)	(8.9)
Profit/(loss) for the period from continuing operations		**(148.7)**	**(19.5)**
Profit/(loss) for the period from discontinued operations	8	**(121.6)**	**(42.4)**
Profit/(loss) for the period		**(270.3)**	**(61.9)**
Profit/(loss) attributable to:			
Owners of the parent		(270.3)	(61.9)
Profit/(loss) for the period		**(270.3)**	**(61.9)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations.

Earnings per share:

in €	Note	Full Year 2022	2021
For continuing operations			
Basic earnings per share	16	(1.83)	(0.24)
Diluted earnings per share	16	(1.83)	(0.24)
For continuing and discontinued operations			
Basic earnings per share	16	(3.34)	(0.76)
Diluted earnings per share	16	(3.34)	(0.76)
Weighted average number of ordinary shares outstanding during the period		81,030,032	80,950,106

The accompanying notes are an integral part of the audited consolidated financial statements.

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31

	Full Year	
in € million	**2022**	**2021**
Profit/(loss) for the period	**(270.3)**	**(61.9)**
Other comprehensive income/(loss) for the period, after tax:		
Remeasurements of defined benefit plans	5.7	4.6
Deferred tax on items that will not be reclassified subsequently to income statement	(1.6)	(1.2)
Items that will not be reclassified subsequently to income statement, net of tax	**4.2**	**3.4**
Items that will be reclassified subsequently to income statement, net of tax		
Exchange differences on translating foreign operations	31.3	0.4
Fair value remeasurements - Cash flow hedge	(3.0)	6.9
Deferred tax on items that will be reclassified subsequently to income statement	0.9	(1.8)
Items that will be reclassified subsequently to income statement, net of tax	**29.1**	**5.5**
Other comprehensive income/(loss) for the period, net of tax	**33.3**	**8.9**
Total comprehensive income/(loss) for the period	**(237.0)**	**(53.0)**
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(237.0)	(53.0)
Total comprehensive income/(loss) for the period	**(237.0)**	**(53.0)**

The accompanying notes are an integral part of the audited consolidated financial statements.

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5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31

	Attributable to equity holders of the Company						
in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2021	**82,347,218**	**795.2**	**412.8**	**(36.3)**	**(333.1)**	**207.8**	**1,046.3**
Restatement Opening Balance (Hyperinflation non-monetary adjustments)	-	-	-	-	-	17.0	17.0
Restated Balance at December 31, 2021	**82,347,218**	**795.2**	**412.8**	**(36.3)**	**(333.1)**	**224.8**	**1,063.3**
Hyperinflation non-monetary adjustments	**-**	**-**	**-**	**-**	**-**	**30.8**	**30.8**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	1.0	1.0
Settlement of share-based payments	-	-	-	1.7	-	(1.7)	-
Treasury Shares	-	-	-	0.4	-	-	0.4
Total transactions with owners	**-**	**-**	**-**	**2.1**	**-**	**(0.7)**	**1.4**
Comprehensive income:							
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**(270.3)**	**(270.3)**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	31.3	-	31.3
Remeasurements of defined benefit pension plans	-	-	-	-	-	4.2	4.2
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	(2.1)	(2.1)
Total other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**31.3**	**2.0**	**33.3**
Balance at December 31, 2022	**82,347,218**	**795.2**	**412.8**	**(34.2)**	**(301.9)**	**(13.4)**	**858.4**

in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
	Attributable to equity holders of the Company						
Balance at December 31, 2020	**82,347,218**	**795.2**	**412.8**	**(38.8)**	**(333.5)**	**262.7**	**1,098.4**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	1.2	1.2
Settlement of share-based payments	-	-	-	2.8	-	(2.8)	0.0
Treasury Shares	-	-	-	(0.3)	-	-	(0.3)
Total transactions with owners	**-**	**-**	**-**	**2.4**	**-**	**(1.5)**	**0.9**
Comprehensive income:							
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**(61.9)**	**(61.9)**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	0.4	-	0.4
Remeasurements of defined benefit pension plans	-	-	-	-	-	3.4	3.4
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	5.1	5.1
Total other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**0.4**	**8.5**	**8.9**
Balance at December 31, 2021	**82,347,218**	**795.2**	**412.8**	**(36.3)**	**(333.1)**	**207.8**	**1,046.3**

The accompanying notes are an integral part of the audited consolidated financial statements.

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2022, is as follows:

Shareholder	December 31, 2022	%[1]
Groupe Bruxelles Lambert SA	16,454,453	19.98%
ENA Investment Capital	12,411,999	15.07%
Guangchang Guo and Fosun International Holdings Ltd.	3,200,373	3.89%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Veraison SICAV - Engagement Fund	2,497,800	3.03%

[1]At the time of the transparency declaration

The accompanying notes are an integral part of the audited consolidated financial statements.

6. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31

The amounts below include both continuing and discontinued operations. For details regarding the discontinued operations, see note 7.8.

		Full Year	
in € million	**Note**	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		**(270.3)**	**(61.9)**
Adjustments for:			
Income tax expense		39.2	19.0
Depreciation and amortization		70.4	87.7
Impairment losses and items relating to investing activities		201.0	41.0
Provisions (including employee benefit liabilities)		(20.1)	15.4
Change in fair value of financial instruments		1.9	(2.4)
Net finance cost		70.8	42.7
Changes in working capital:			
Inventories		(11.3)	(39.2)
Trade and other receivables and prepaid expenses		(46.9)	(1.4)
Trade and other payables and accrued expenses		12.6	56.4
Employee benefit liabilities		5.8	(6.4)
Cash from operating activities before taxes		**53.2**	**150.9**
Income taxes paid		(24.9)	(20.6)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**28.3**	**130.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(62.4)	(56.5)
Proceeds from disposal of property, plant and equipment and intangible assets		4.6	1.9
Payment for (or Proceeds related to) acquisition of subsidiary, net of cash acquired[1]		0.0	80.0
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		(57.7)	25.3

in € million	Note	Full Year 2022	Full Year 2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	133.2	799.3
Repayment of borrowings	17	(81.7)	(1,125.0)
Interests paid	26	(46.1)	(26.8)
Interests received	26	3.0	2.5
Cost of refinancing & other costs of financing		(7.2)	19.7
Realized foreign exchange (losses)/gains on financing activities		(3.7)	0.3
Derivative financial assets		(7.0)	(2.4)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**(9.5)**	**(332.4)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(38.9)**	**(176.8)**
Effects of exchange rate changes on cash and cash equivalents		1.0	(6.7)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**246.7**	**430.1**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**208.7**	**246.7**
Of which presented as part of Assets classified as held for sale	8	59.7	-

[1] In 2021, this line item in the consolidated cash flow statement includes the arbitration settlement for an amount of €80.0 million (BRL 500 million) received from Hypera on October 1, 2021. This payment settled certain claims relating to the acquisition of the Brazilian personal hygiene business of Hypera by Ontex. The Company acquired the Brazilian personal hygiene business from Hypera in March 2017 for an enterprise value of BRL 1 billion.

The accompanying notes are an integral part of the audited consolidated financial statements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1.1. Introduction

The accounting policies used to prepare the consolidated financial statements for the period from January 1, 2022 to December 31, 2022 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2021 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented.

7.1.2. Basis of preparation

These consolidated financial statements of the Ontex Group NV for the year ended December 31, 2022 have been prepared in compliance with IFRS (“International Financial Reporting Standards”) as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2022. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2022, did not have a significant impact. No new standards, amendments to standards or interpretations were early adopted.

These financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.4.

IFRS accounting standards to be adopted as from 2022 and onwards

The following relevant new standards and amendments to existing standards have been published and endorsed by the European Union and are mandatory for the first time for the financial periods beginning on or after January 1, 2022:

Amendments to IFRS 3 *Business Combinations* update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 *Property, Plant and Equipment* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* specify which costs a company includes when assessing whether a contract will be loss-making.

Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

Amendment to IFRS 16 *Leases Covid 19-Related Rent Concessions* beyond 30 June 2021 (effective 01/04/2021), with early application permitted. The amendments extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In particular, the amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued).

The above-mentioned standards did not have an impact on the financial statements.

Relevant IFRS accounting pronouncements to be adopted as from 2023 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after January 1, 2023 and have not been early adopted. Those which may be the most relevant to the Ontex Group's consolidated financial statements are set out below, but are expected not to have a significant impact on the Ontex' consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2: Disclosure of Accounting policies* (effective 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information needs not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (effective 1 January 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 January 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The above mentioned standards are not expected to have a significant impact on the financial statements.

Financial reporting in hyperinflationary economies

In 2022, the Turkish economy faced further high inflation resulting in the three-year cumulative inflation of Turkey to exceed 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies. IAS 29 requires to report the results of the company's operations in Turkey as if these were highly inflationary as of 1 January 2022.

Under IAS 29, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. These re-measured accounts are used for conversion into euro at the period closing exchange rate. As a result, the statement of financial position and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period.

7.1.3. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

Transactions with non-controlling interests

The Group treats the transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains and losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

7.1.4. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recognized in the statement of financial position is allocated to three Cash-Generating Units (CGUs). These CGUs are Europe, Russia and North America. They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

7.1.5. Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to interest-bearing debts and cash and cash equivalents are presented in the income statement within ‘Net finance cost’. All other foreign exchange gains and losses are presented in the income statement within ‘Other operating income/(expenses), net’.

For the purpose of presenting consolidated financial statements, assets and liabilities of the Group’s foreign operations are translated at the closing rate at the end of the reporting period. Items of income and expense are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and equity items are translated at historical rates. The resulting exchange rate differences are recognized in other comprehensive income and accumulated in a separate component of equity.

The principal exchange rates that have been used are as follows:

	December 31, 2022		December 31, 2021	
Currency	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.5693	1.5174	1.5615	1.5747
BRL	5.6386	5.4432	6.3101	6.3813
CZK	24.1160	24.5603	24.8580	25.6468
GBP	0.8869	0.8526	0.8403	0.8600
MXN	20.8560	21.2045	23.1438	23.9903
PLN	4.6808	4.6845	4.5969	4.5640
RUB	78.9950	74.0691	85.3004	87.2321
DZD	147.1816	150.2997	158.2669	160.2390
USD	1.0666	1.0539	1.1326	1.1835

7.1.6. Intangible assets

An intangible asset is recognized on the statement of financial position when the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; (3) the Group can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortizations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects and product/process development projects.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the project so that it will be available for use
- management intends to complete the project and use or sell it
- there is an ability to use or sell the project
- it can be demonstrated how the project will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the project are available, and
- the expenditure attributable to the project during its development can be reliably measured.

The Group's systems allow a reliable measure of expenses directly attributable to the different IT and product/process development projects.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Externally acquired software is carried at acquisition cost less any accumulated amortization and less any accumulated impairment loss.

Maintenance costs as well as the costs of minor upgrades whose objective is to maintain (rather than increase) the level of performance of the asset are expensed as incurred.

Borrowing costs that are directly attributable to the acquisition, construction and or production of a qualifying intangible asset are capitalized as part of the cost of the asset.

Intangible assets are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	
Brands	20 years
IT implementation costs	5 years
Capitalized development costs	3 to 5 years
Licenses	3 to 5 years
Acquired concessions, patents, know-how, and other similar rights	5 years

Amortization commences only when the asset is available for use.

7.1.7. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Acquisition cost includes any directly attributable cost of bringing the asset to working condition for its intended use. Borrowing costs that are directly attributable to the acquisition, construction and/or production of a qualifying asset are capitalized as part of the cost of the asset.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets is charged to the income statement. However, expenditure on major repair and major maintenance, which increases the future economic benefits that will be generated by the fixed asset, is identified as a separate element of the acquisition cost. The cost of property, plant and equipment is broken down into major components. These major components, which are replaced at regular intervals and consequently have a useful life that is different from that of the fixed asset in which they are incorporated, are depreciated over their specific useful lives. In the event of replacement, the component is replaced and removed from the statement of financial position, and the new asset is depreciated up until the next major repair or maintenance.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, less residual value, if any. The applicable useful lives are:

Property, plant and equipment	
Land	N/A
Land improvements and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Furniture and vehicles	4 to 8 years
Other tangible assets	5 years
IT equipment	3 to 5 years

The useful life of the machines is reviewed regularly. Each time a significant upgrade is performed, such upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

7.1.8. Leases

The Group leases several properties, machinery, vehicles and IT equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group’s incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life (see note 7.1.7). In all other circumstances the asset is depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

For short-term leases (lease term of 12 months or less) or leases of low-value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognized on a straight-line basis as an expense over the lease term.

Some property leases contain variable payment terms that are linked to the use of the property (mainly warehouses). Variable lease payments that depend on the use are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

7.1.9. Impairment of non-financial assets, other than goodwill

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not subject to amortization, but are tested annually for impairment.

Other assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

7.1.10. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises the production costs, like raw materials, direct labor, and also the indirect production costs (production overheads based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts held by the Group are classified as property, plant and equipment if they are expected to be used in more than one period and if they are specific to a single machine. If they are not expected to be used in more than one period or if they can be used on several machines, they are classified as inventory. For the spare parts classified as inventory, the Group uses write-down rules based on the economic use of these spare parts.

7.1.11. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated, or if it is an operation within such a cash-generating unit.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period consolidated statements of financial position are not restated to reflect the new classification of a non-current asset (or disposal group) as held for sale.

A discontinued operation is a component of the Group which the Group has disposed of or which is classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

7.1.12. Revenue recognition

Ontex Group’s core activity is the sale of goods with as only performance obligation the delivery of goods. As such, the Group recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group sells its products to its customers directly, through distributors or agents. This can result in a different moment to recognize revenue. Following delivery to distributors, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Next to the sale of goods, distinct services – mainly customer training or customer assistance services – are rendered predominantly over the period that the corresponding goods are sold to the customer. Transportation (shipping) is not be considered as a separate performance obligation as control over the goods is only transferred to the customer after the shipment.

Payment terms can differ depending on the customer, based on the credit risk and prior payment behavior of the customer. In addition, the geographical location of the company and the customer have an effect on the payment terms. There are no significant financing components in the transaction prices and the considerations are paid in cash.

Customer contracts include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, the estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

7.1.13. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at fair value and subsequently measured at amortized cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The amount of the allowance is deducted from the carrying amount of the asset and is recognized in the income statement within 'Sales and marketing expenses'.

Trade receivables are no longer recognized when (1) the rights to receive cash flows from the trade receivables have expired, (2) the Group has transferred substantially all risks and rewards related to the receivables.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

7.1.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

7.1.15. Share capital

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments are either classified as financial liabilities or equity. The financial instrument is included in equity if, and only if, the instrument does not include a contractual obligation to deliver cash or another financial asset or to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Group, and if the instrument will or may be settled in a fixed number of the Group's own equity instruments.

7.1.16. Government grants

Grants from governments are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are deducted from the acquisition cost of the assets to which they relate and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

7.1.17. Employee benefits

Short-term employee benefits

Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in 'Employee benefit liabilities' in the statement of financial position.

Post-employment benefits

Group companies operate various pension schemes. Most of the schemes are unfunded. Some schemes are funded through payments to insurance companies or pension funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income. The net interest cost relating to the defined benefit plans is recognized within financial expenses.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits

Unfunded obligations arising from long-term benefits are provided for using the projected unit credit method.

Termination benefits

Early termination obligations are recognized as a liability when the Group is ‘demonstrably committed’ to terminating the employment before the normal retirement date. The Group is ‘demonstrably committed’ when, and only when, it has a detailed formal plan for the early termination without realistic possibility of withdrawal. Where such benefits are long term, they are discounted using the same rate as above for defined benefit obligations.

7.1.18. Share-based payments

The Group operates an equity settled share-based compensation plan, consisting of stock options (hereafter ‘options’), restricted stock units (‘RSU’) and performance stock units (‘PSU’). For grants of options, RSU’s and PSU’s, the fair value of the employee services received is measured by reference to the fair value of the shares or options granted on the date of the grant. The Group recognizes the fair value of the services received in exchange for the grant of the options as an expense and a corresponding increase in equity on a straight-line basis over the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the share price at date of grant of the option, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Vesting conditions included in the terms of the grant are not taken into account in estimating fair value except where those terms relate to market conditions. Non-market vesting conditions are considered by adjusting the number of shares or options included in the measurement of the cost of employee services so that ultimately the amount recognized in the income statement reflects the number of vested shares or options.

At each statement of financial position date, the entity revises its estimates of the number of instruments that are expected to become exercisable and recognizes the impact of revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

When the instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the instruments is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

7.1.19. Provisions

Provisions are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

If the Group has an onerous contract, it will be recognized as a provision. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

A provision for restructuring is only recorded if the Group demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

7.1.20. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. In line with paragraph 46 of IAS 12 *Income taxes*, management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This evaluation is made for tax periods open for audit by the competent authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred tax is not recognized for:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognized for taxable temporary differences.

Deferred tax assets are generally recognized for tax losses and tax attributes to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are calculated at the level of each fiscal entity in the Group. The Group is able to offset deferred tax assets and liabilities only if the deferred tax balances relate to income taxes levied by the same taxation authority.

7.1.21. Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are classified as at amortized cost, except for derivative instruments (see 7.1.22 below).

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

When a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

7.1.22. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks and equity price risks associated with share-based payments, including foreign exchange forward contracts, commodity hedging contracts and interest rate CAP's and SWAP's.

Derivatives are accounted for in accordance with IFRS 9. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair values of various derivative instruments are disclosed in note 7.5 'Financial Instruments and Financial Risk Management'. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

If no hedge accounting is applied, the Group recognizes all gains or losses resulting from changes in fair value of derivatives in the consolidated income statement within Other operating income/expense to the extent that they relate to operating activities and within Net finance cost to the extent that they relate to the financing activities of the Group (e.g. interest rate swaps relating to the floating rate borrowings).

7.1.23. Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk and commodities, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'other operating income/(expense)' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

7.1.24. Operating segments

The Group’s activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore, the Group operates as one segment.

7.1.25. Statement of cash flows

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit of the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

7.2. ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (non-GAAP) are used in the financial communication of the Group since management believes that they are widely used by certain investors, securities analysts and other interested parties as supplemental measure of performance and liquidity. The alternative performance measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results, our performance or our liquidity under IFRS.

7.2.1. EBITDA adjustments

Income and expenses classified under the heading “EBITDA adjustments” are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. EBITDA adjustments are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalized performance of the Company. EBITDA adjustments relate to:

- acquisition-related expenses;
- changes to the measurement of contingent considerations in the context of business combinations;
- changes to the Group structure, business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- impairment of assets and major litigations.

EBITDA adjustments of the Group for the years ended December 31 are composed of the following items presented in the consolidated income statement and can be reconciled in note 7.24:

- income/(expenses) related to changes to Group structure; and
- income/(expenses) related to impairments and major litigations.

7.2.2. EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA excluding EBITDA adjustments.

EBITDA and Adjusted EBITDA reconciliation of the Group for the years ended December 31 are as follows:

in € million	Full Year					
	2022			2021		
	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Revenue	1,672.2	792.3	2,464.5	1,408.7	617.7	2,026.4
Operating profit/(loss)	(69.4)	(90.9)	(160.3)	30.9	(31.1)	(0.2)
Depreciation and amortization	(70.4)	-	(70.4)	(65.7)	(22.0)	(87.7)
EBITDA	**1.0**	**(90.9)**	**(89.9)**	**96.6**	**(9.1)**	**87.5**
EBITDA adjustments	103.0	122.6	225.6	59.7	25.1	84.7
Adjusted EBITDA	**104.0**	**31.7**	**135.7**	**156.3**	**15.9**	**172.2**
Adjusted EBITDA margin	*6.2%*	*4.0%*	*5.5%*	*11.1%*	*2.6%*	*8.5%*

7.2.3. Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents. LTM adjusted EBITDA is defined as EBITDA excluding EBITDA adjustments for the last twelve months (LTM). For the years ending December 31, the LTM adjusted EBITDA corresponds with the adjusted EBITDA of the year.
Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are as follows:

in € million	December 31, 2022			December 31, 2021
	Continued Operations	Discontinued Operations	Total Group	Total Group
Non-current interest-bearing debts	891.7	16.8	908.5	885.2
Current interest-bearing debts	145.4	22.2	167.6	87.0
Cash and cash equivalents	(149.1)	(59.7)	(208.7)	(246.7)
Net Financial Debt	**888.1**	**(20.7)**	**867.4**	**725.5**
LTM adjusted EBITDA	**104.0**	**31.7**	**135.7**	**172.2**
Leverage ratio			*6.4*	*4.2*

7.2.4. Free Cash Flow

Free Cash flow is defined as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal.

Free Cash Flow of the Group for the years ended December 31 is as follows:

	Full Year	
in € million	**2022**	**2021***
Operating profit/(loss)	**(69.4)**	**30.9**
Depreciation and amortization	70.4	65.7
EBITDA	**1.0**	**96.6**
EBITDA from discontinued Operations	**(90.9)**	**(9.1)**
Non-cash items and items relating to investing and financing activities	182.8	54.0
Change in working capital		
Inventories	(11.3)	(39.2)
Trade and other receivables and prepaid expenses	(46.9)	(1.4)
Trade and other payables and accrued expenses	12.6	56.4
Employee benefit liabilities	5.8	(6.4)
Cash from operating activities before taxes	**53.2**	**150.9**
Income taxes paid	(24.9)	(20.6)
Net cash generated from operating activities	**28.3**	**130.3**
Capex	(62.4)	(56.5)
Cash (used in)/from on disposal	4.6	1.9
Repayment of lease liabilities	(25.0)	(22.7)
Free Cash Flow	**(54.4)**	**52.9**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations

7.2.5. Adjusted Basic Earnings and Adjusted Basic Earnings per Share

Adjusted Basic Earnings (or Adjusted Profit) are defined as profit for the period plus EBITDA adjustments and tax effect on EBITDA adjustments, attributable to the owners of the parent. Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.

Adjusted Basic Earnings per Share for the years ended December 31 are presented in note 7.16 ‘Earnings per share’.

7.2.6. Working Capital

The components of our working capital are inventories, trade receivables and prepaid expenses and other receivables plus trade payables and accrued expenses and other payables.

in € million	December 31, 2022	December 31, 2021
Inventories	264.3	358.7
Trade receivables	191.8	269.8
Prepaid expenses and other receivables	36.8	69.2
Non-current receivables	0.3	3.5
Trade payables	(405.3)	(532.6)
Accrued expenses and other payables	(22.6)	(39.0)
Total Net Working Capital	**65.4**	**129.6**

7.2.7. Alternative Performance Measures included in the Press releases and other Regulated information

Like-for-Like (LFL) revenue

Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or a change due to M&A.

in € million	2021			2022 LFL			Forex			2022		
	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Revenue	1,408.7	617.7	**2,026.4**	1,622.7	748.9	**2,371.6**	49.5	43.4	**92.9**	1,672.2	792.3	**2,464.5**

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

7.3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

The Group monitors capital on the basis of the net financial debt position and its leverage. The Group's net financial debt position is calculated by adding all short and long-term interest-bearing debts and by deducting the available short-term liquidity.

The leverage is computed as the net financial debt divided by the LTM adjusted EBITDA (i.e. EBITDA plus EBITDA adjustments for the last twelve months (LTM)).

The net financial debt and leverage of the Group for the years ended December 31 are as follows:

in € million	December 31, 2022	December 31, 2021
Non-current interest-bearing debts	908.5	885.2
Current interest-bearing debts	167.6	87.0
Cash and cash equivalents	(208.7)	(246.7)
Net Financial Debt	**867.4**	**725.5**
LTM Adjusted EBITDA	135.7	172.2
Net Financial Debt/LTM Adjusted EBITDA ratio	**6.4**	**4.2**

During 2022, the debt covenants related to the available credit facilities have been renegotiated and replaced by a liquidity covenant, which is further disclosed in note 7.4.

7.4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The amounts presented in the consolidated financial statements involve the use of estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amounts may differ from these estimates. The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below.

7.4.1. Liquidity situation

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business.

The €220.0 million term loan and the €250.0 million revolving credit facility, of which €115.0 million was utilized on December 31, 2022, are subject to debt covenants. For the full year 2022, these debt covenants have been renegotiated and replaced by a liquidity covenant which the Group complied with. For 2023, the liquidity covenant to be met on March 31 is defined as cash and cash equivalents plus the non-used portion of the revolving credit facility to exceed €200.0 million. The leverage covenants to be met at June 30, 2023 and December 31, 2023 are defined as the ratio of net financial debt over the last-twelve-months adjusted EBITDA not to exceed 4.75 and 3.75 respectively.

Management has prepared detailed budgets and cash flow forecasts, which reflect the strategy of the Group. While there may be limited headroom on reaching the covenants, the Company is confident that it will meet them, reassured by the business performance so far in 2023, and the progress made in the divestment of the Mexican assets. The closing is expected in the second quarter and the proceeds will be used to pay back the €220.0 million term loan. Moreover, the Group is currently in discussions with the banks to discuss the revolving credit facility extension, currently maturing mid-2024, and will address conditions that meet the financing needs of the company.

7.4.2. Income taxes

The Group has tax losses and other tax incentives usable to offset future taxable profits, mainly in Belgium, France and Spain amounting to €544.5 million at December 31, 2022 (€628.0 million at December 31, 2021).

The European Commission challenged Belgium's excess profit ruling (EPR) system, characterizing this system as illegal state aid. Ontex, through its Belgian subsidiary Ontex BV, had an EPR covering the years 2011-2015. Ontex has lodged an appeal against this EC decision. The General Court has handed down its judgment on February 14, 2019 in the joint case of Belgium vs Commission and Magnetrol International vs Commission. The General Court annulled the Commission's Decision for the reason that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme. The European Commission has appealed the decision of the General Court to the European Court of Justice and in September 2021 the Court decided that the proceedings regarding the EPR decision must be re-opened before the EU General Court. We await the outcome.

Furthermore, the European Commission opened individual investigations in September 2019 into each of the individual EPRs including that of Ontex, as it believes that each EPR grants illegal state aid, even if the EPR system does not constitute an aid "scheme". The formal investigation into the Ontex EPR continues and it is unclear when a final decision can be expected. Ontex will have the right to appeal against any decision that concludes the Ontex EPR grants illegal state aid. Any such appeal will take some time to be heard.

Ontex had fully taken into account the impact of the Commission's position that the EPR system is illegal state aid being successful, and the Commission concluding that the Ontex EPR grants illegal state aid in its tax position. Since the outcome of both challenges is not yet final, Ontex will not release the relevant provisions at this stage.

The Group has only recognized deferred tax assets on €20.6 million of tax losses and other tax incentives out of the €544.5 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimates are made prudently to the extent of the best current knowledge.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assesses whether certain uncertain tax provisions should be recognized in its consolidated financial statements (based on the requirements of IFRIC 23).

7.4.3. Business combinations

For business combinations, the Group must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Group must determine the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statement of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets and the determination of the indefinite or finite useful lives of other intangible assets acquired requires significant judgments and will have an impact on the Group's profit or loss.

7.4.4. Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 7.1.4 "Goodwill". The outcome of these goodwill impairment tests in 2022 resulted in an impairment loss for the CGU "Russia".

The impairment recognized on the CGU "Russia" was entirely allocated to the goodwill (€84.1 million). For more detailed information, see note 7.9.

The Group identifies the following cash-generating units:

- Europe
- Russia
- North America
- As part of Assets held for sale (Central America, MEAA and South America. For more information, see note 7.4.9 and 7.8

The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex' financial budgets and strategic plans, as well as discount rates. The Group did consider climate-related matters, yet these did not have a material impact on the goodwill impairment exercise, as explained in the Non-Financial Statements. For more details on the impairment test performed, we refer to note 7.9 'Goodwill and intangible assets'. The discount rates used are summarized here below:

in %	Full Year	
	2022	2021
Pre-tax discount rate		
Europe	9.6%	6.8%
Russia	18.8%	N/A
North & Central America	N/A	7.5%
North America	9.1%	N/A
Middle East, Africa & Asia	N/A	12.8%
South America	N/A	16.4%

As a result of the impairment recognized on the CGU "Russia", no goodwill is allocated anymore to this CGU.

A sensitivity analysis indicates that the recoverable amount of Europe and North America would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 11.8% and 20.8%, respectively and all other variables kept constant.

As indicated in note 7.9, cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the two CGUs are currently operating. Should the long growth rate for any of the CGUs decrease by 40.0%, no impairment would need to be recognized.

Should the estimated operating margins decrease by 20.0%, no impairment would be recognized.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

7.4.5. Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16 and IAS 38.

7.4.6. Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

7.4.7. Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate should correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

7.4.8. Revenue recognition

For the accrual for volume discounts (to customers and from suppliers) some judgements are made on the impact of commercial decisions that will influence the final discount to be received or to be granted.

7.4.9. Discontinued operations and disposal group held for sale

Following its strategic review announced end of 2021 and formalized beginning of 2022, the Group announced it will pursue divestment opportunities for the activities located in the "Emerging Markets".

"Emerging Markets" are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa. As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. On December 31, 2022, the discontinued CGUs (Assets held for Sale) are carried at their estimated fair value less cost to sell. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period consolidated statements of financial position are not restated to reflect the new classification of a non-current asset (or disposal group) as held for sale.

7.4.10. Operations in Russia

The Group is following closely the developments in the conflict between Russia and Ukraine as this disrupts Ontex's ability to operate in these regions. Ontex's first focus is the safety of its employees, and the Group is providing the necessary support. Ontex has sales and marketing offices in Russia and Ukraine and a manufacturing plant in Noginsk, near Moscow.

In 2022, the Group generated approximately €157.2 million revenue in Russia. The fixed assets held in Russia represent approximately €27.8 million consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities). The manufacturing and commercial operations are ongoing as the Russian Ontex operation provides essential care products, but these are significantly dependent from the supply of the necessary raw materials and resources to the local manufacturing facility.

From the start of the invasion of Ukraine by Russia, Ontex has defined tight conditions to its continued operation in Russia including an investment stop as well as a stop on exports from Russia and the adaptation to the evolving economic sanctions and supply disruptions. We have evolved our operating model to ensure compliance with the evolving applicable regulations on economic sanctions. This has led to the progressive autonomation of most local activities in Russia within a framework defined by the Group, allowing to remain compliant to Ontex's standards on quality, safety as well as financial controls, reporting and objectives.

As the continuity of operations and the associated financial transactions remains with some uncertainties given the evolution of sanctions, the Group has decided to separate and then impair a portion of goodwill allocated to its Russian business for an amount of €84.1 million (see note 7.9.).

7.5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

7.5.1. Overview of financial instruments

The table below summarizes all financial instruments by category in accordance with IFRS 9 and discloses the fair values of each instrument and the fair value hierarchy:

	December 31, 2022			
in € million	**Designated in hedge relationship**	**At amortized cost**	**Fair value**	**Fair value level**
Non-current receivables		0.3	0.3	Level 2
Trade receivables		191.8	191.8	Level 2
Other receivables		36.8	36.8	Level 2
Derivative financial assets	12.1		12.1	
Interest rate swap	*7.7*		*7.7*	Level 2
Forward foreign exchange contracts	*4.4*		*4.4*	Level 2
Cash and cash equivalents		149.1	149.1	Level 2
Assets classified as held for sale		661.7	661.7	Level 3
Total Financial Assets	**12.1**	**1,039.7**	**1,051.8**	
Interest-bearing debts - non-current		891.7	815.6	
Senior Notes		*573.8*	*495.0*	Level 1
Syndicated Term Loan A > 1 year		*217.3*	*220.0*	Level 2
Lease & other liabilities		*100.6*	*100.6*	Level 2
Derivative financial liabilities	15.0		15.0	
Forward foreign exchange contracts	*13.8*		*13.8*	Level 2
Commodity hedging contracts	*1.2*		*1.2*	Level 2
Other payables - non-current		0.4	0.4	Level 2
Interest-bearing debts - current		145.4	145.4	
Syndicated Term Loan A < 1 year		*115.0*	*115.0*	Level 2
Accrued interests - Other		*10.4*	*10.4*	Level 2
Lease & other liabilities		*20.0*	*20.0*	Level 2
Trade payables		405.3	405.3	Level 2
Other payables - current		22.6	22.6	Level 2
Liabilities related to assets classified as held for sale		249.6	249.6	Level 3
Total Financial Liabilities	**15.0**	**1,714.9**	**1,653.8**	

in € million	December 31, 2021 Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		3.5	3.5	Level 2
Trade receivables		269.8	269.8	Level 2
Other receivables		69.2	69.2	Level 2
Derivative financial assets	5.3		5.3	
Forward foreign exchange contracts	*4.1*		*4.1*	Level 2
Commodity hedging contracts	*1.2*		*1.2*	Level 2
Cash and cash equivalents		246.7	246.7	Level 2
Total Financial Assets	**5.3**	**589.3**	**594.6**	
Interest-bearing debts - non-current		885.2	870.9	
Senior Notes		*572.1*	*554.2*	Level 1
Syndicated Term Loan A > 1 year		*216.3*	*220.0*	Level 2
Lease & other liabilities		*96.7*	*96.7*	Level 2
Derivative financial liabilities	4.1		4.1	
Interest rate swap	*1.8*		*1.8*	Level 2
Forward foreign exchange contracts	*2.3*		*2.3*	Level 2
Other payables - non-current		0.2	0.2	Level 2
Interest-bearing debts - current		87.0	87.0	
Accrued interests - Other		*10.4*	*10.4*	Level 2
Total return swap		*31.2*	*31.2*	Level 2
Lease & other liabilities		*45.4*	*45.4*	Level 2
Trade payables		532.6	532.6	Level 2
Other payables - current		39.0	39.0	Level 2
Total Financial Liabilities	**4.1**	**1,544.0**	**1,533.8**	

In the context of the Group's financial risk management, the Group uses derivative instruments to cover specific risks, such as foreign currency exposure, interest rate exposure and commodity price exposure. The following table presents an overview of the derivative instruments outstanding at reporting date:

	Fair value		Nominal amounts	
in € million	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Derivative financial assets	**12.1**	**5.3**	**325.0**	**165.5**
Interest rate swap	*7.7*	*0.0*	*150.0*	*0.0*
Cross-Currency Interest rate swap	*0.0*	*0.0*	*0.0*	*4.0*
Forward foreign exchange contracts	*4.4*	*4.1*	*175.0*	*145.2*
Commodity hedging contracts	*0.0*	*1.2*	*0.0*	*16.3*
Derivative financial liabilities	**15.0**	**4.1**	**375.8**	**283.5**
Interest rate swap	*0.0*	*1.8*	*0.0*	*150.0*
Forward foreign exchange contracts	*13.8*	*2.3*	*368.8*	*133.5*
Commodity hedging contracts	*1.2*	*0.0*	*7.0*	*0.0*

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship (see below in notes 7.5.3 to 7.5.5). The impact on OCI of the different derivates is as follows:

	OCI				
in € million	December 31, 2021	Amounts recognised in 2022	Amounts derecognised (Recycled to P&L) in 2022	Total Movement 2022	December 31, 2022
Forward foreign exchange contracts	1.0	(10.7)	0.4	(10.3)	(9.3)
Commodity hedging contracts	1.2	-	(2.3)	(2.3)	(1.1)
Interest rate swap	(1.8)	9.0	0.4	9.4	7.6

The fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is exceeding 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The fair value of the derivatives is based on level 2 inputs as defined under IFRS 7.27, meaning inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are based on mathematical models that use market observable data and are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Level 3 liabilities: the amount has been determined based on contractual agreements.

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per December 31, 2022 (nor 2021).

The counterparties of the outstanding derivative instruments have an A-credit rating.

7.5.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

There have been no changes in the risk management department since last year-end or in any risk management policies.

7.5.3. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP), the Polish zloty (PLN), the Australian dollar (AUD) and Russian ruble (RUB) in relation to sales, and the US dollar (USD) and the Czech koruna (CZK) in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group also has exposures to the Russian ruble (RUB), Czech koruna (CZK) and Australian dollar (AUD) due to their net investments in foreign operations. For the year ended December 31, 2022, only continuing operations are enclosed.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
in € million	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
EUR	1,879.9	1,775.9	2,765.6	2,566.0
USD	132.7	165.9	154.3	212.5
PLN	85.7	100.9	49.7	61.5
GBP	67.0	98.3	42.6	53.6
RUB	30.9	27.1	4.8	4.4
CZK	27.0	28.4	20.9	18.6
AUD	25.4	38.0	17.2	17.4
BRL	0.0	48.7	0.0	43.8
MXN	0.0	51.2	14.0	47.0
DZD	0.0	21.6	0.0	0.3

The Group monitors its foreign exchange exposure closely and will enter into hedging transactions if deemed appropriate to minimize exposure throughout the Group to foreign exchange fluctuations. All hedging decisions are subject to approval of the Board of Directors. The strategy regarding FX hedges was maintained.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, the Group uses forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity’s functional currency. The Group treasury is responsible for optimizing the net position in each foreign currency when possible and appropriate. The Group applies hedge accounting for the hedge related transactions, the impact of the revaluation is recognized in other comprehensive income.

The Group has entered into foreign exchange forward contracts in 2022 maturing at the latest in March 2024 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in US dollar and Czech crown during 2023. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2023: for British pound (GBP) 76.0 million, for Polish zloty (PLN) 310.2 million, for Australian dollar (AUD) 23.1 million, for Czech crown (CZK) 870.2 million, for US dollar (USD) 73.1 million versus EUR and US dollar (USD) 18.2 million versus Czech crown (CZK).

The terms of the foreign currency forward contracts have been negotiated to match the terms of the highly probable forecast transactions. The Group applies hedge accounting to the foreign currency forward contracts.

The changes in the fair value of these hedging instruments, designated as effective instruments in a cash flow hedge, are recognized in OCI until the moment the transaction occurs. At the moment the transaction leads to the recognition of a trade receivable or a trade payable, this cash flow hedge reserve including the changes in fair value of the hedging instrument is included in P&L where it adjusts revenue/costs or, if the transaction leads to the recognition of a non-financial asset or non-financial liability, as an adjustment of the carrying amount of the asset and liability. Further changes in the hedging instrument are recognized in P&L together with the changes in the trade receivables or payables.

For the year ended December 31, 2022, an unrealized loss of €14.1 million (mainly Mexican peso versus EUR for 11.1 million and US dollar versus EUR for 2.4 million) has been recognized in other comprehensive income, offset by an unrealized gain of €3.8 million (British pound mainly).

As of December 31, 2022, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €4.4 million (2021: €4.1 million) and of the derivative financial liability amounted to €13.8 million (2021: €2.3 million).

An amount of €0.4 million was reclassified to P&L (loss) during 2022.

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/strengthening of the Euro against the reported currency with all other variables held constant. The impact is mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables and payables and related derivative positions as at the respective statement of financial position dates.

	10% weakening of the EUR			10% strengthening of the EUR		
	2022		2021*	2022		2021*
in € million	Impact on P&L	Impact on Equity		Impact on P&L	Impact on equity	
AUD	(0.2)	(1.4)	(0.2)	0.2	1.2	0.1
GBP	(0.9)	(8.5)	(0.9)	0.8	7.0	0.7
PLN	(0.8)	(6.5)	(0.8)	0.7	5.3	0.6
USD	(1.9)	4.5	(1.3)	1.6	(3.5)	1.1

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations

7.5.4. Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate swaps to manage these risks.

Considering that the floating rate borrowings on the Syndicated Term Loan A (EURIBOR + margin) are partially hedged through interest rate swaps, the interest expense recognized in the consolidated income statement is to a limited extent subject to interest rate volatility, as apart from the syndicated term loan A, there has also been €115.0m withdrawn on Floating Rate Syndicated Term Loan B, carrying an interest of EURIBOR 1 month + margin of 3.60%.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31,2022, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €0.2 million higher/lower. At December 31,2021, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been negligible.

Floating Rate Syndicated Term Loan A of €220.0 million due 2024 is carrying an interest of EURIBOR 3 month + margin of 3.90%. The notional principal amounts of the outstanding fixed payer interest rate swap contract at December 31, 2022 is €150.0 million as per below table:

Duration	Fixed interest rate %	Amount in € million
3 Years	0.5950%	150.0
Total		**150.0**

The OCI net impact for 2022 was a €9.5 million gain. €0.4 million was reclassified to P&L (loss) during 2022.

7.5.5. Price risk (commodity)

The Group has some exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene, propylene and polypropylene.

In relation to our fluff exposure, the Group has arrangements with certain of their fluff suppliers that reduce our exposure to volatility in fluff prices. The Group also decided to continue to hedge a portion of the propylene, polypropylene and polyethylene exposure in 2022.

Forward contracts to cover the commodity price risk are being reviewed and potentially executed monthly. Forward contracts are initiated over a future period of 12 months covering monthly expected exposure. The total notional amount hedged in 2022 was €36.6 million covering propylene (€15.7 million), polypropylene (€14.5 million) and LDPE (€6.4 million). The average hedged rate for 2022 was €1,154/Ton for propylene, €2,085/Ton for polypropylene and €2,232/Ton for LDPE.

The OCI net impact for 2022 was a €2.3 million loss. €2.3 million was reclassified to P&L (gain) during 2022.

7.5.6. Equity price risk

Following the issuance of options, RSU's and PSU's as share-based payment arrangements under the different LTIP programs (refer to note 7.28 for details of these programs), the Group is exposed to variations in the Group share price. The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program through a total return swap. The purpose of this financial instrument is to effectively hedge the risk that a price increase of the Ontex shares would negatively impact future cash flows related to the share-based payments.

The Group entered into a Total Return Swap ('TRS') agreement with a financial institution to manage its exposure to price volatility related to the shares subject to the stock option, RSU and PSU plans as disclosed in note 7.28. Under the total return swap agreement, the Company will pay interest to the financial institution. At the settlement of the TRS, the Group will receive the underlying shares which will be granted to the beneficiaries of the stock options, RSU's or PSU's upon exercise. As such, the Group hedges the risk that the share price would increase when shares have to be issued upon exercise by the beneficiaries of their Options/RSU's/PSU's. The shares bought in this context are recognized in deduction of Group equity at the strike price at the moment of entering into the TRS. As the Group takes physical delivery of the shares upon settlement of the TRS (no net settlement), the TRS does not meet the scope of financial instruments in accordance with IAS 32 / IFRS 9. As such, the TRS should not be remeasured at fair value at each closing date.

During 2022, the existing program was not renewed and all shares are therefore now owned by the Group.

7.5.7. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% for 2022 and 2021. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

We refer to note 7.13 for the aging of the receivables and the doubtful receivables.

All financial instruments are held at banks and financial institutions with a credit rating of at least A.

The maximum exposure to credit risk at the reporting date is the carrying amount as presented in the table above in the note 7.5.1.

7.5.8. Liquidity risk

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 7.17 Interest-bearing debts) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyzes the Group's financial liabilities (including interest payments) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

in € million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2022				
Interest-bearing debts	(34.0)	(361.6)	(611.0)	-
Lease liabilities	(24.0)	(20.3)	(38.7)	(60.2)
Trade payables	(405.3)	-	-	-
Total non-derivative financial liabilities	**(463.3)**	**(381.9)**	**(649.7)**	**(60.2)**
Interest rate swaps	(0.9)	(0.9)	-	-
Forward foreign exchange contracts	(531.8)	(12.0)	-	-
Total derivative financial liabilities	**(532.7)**	**(12.9)**	**-**	**-**
At December 31, 2021				
Interest-bearing debts	(28.5)	(31.2)	(857.0)	(0.0)
Lease liabilities	(26.0)	(22.1)	(42.2)	(40.4)
Trade payables	(532.6)	-	-	-
Total non-derivative financial liabilities	**(587.2)**	**(53.3)**	**(899.1)**	**(40.4)**
Interest rate swaps	(0.9)	(0.9)	(0.9)	-
Forward foreign exchange contracts	(267.4)	(11.3)	-	-
Total derivative financial liabilities	**(268.3)**	**(12.2)**	**(0.9)**	**-**

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7.6. OPERATING SEGMENTS

According to IFRS 8, reportable operating segments are identified based on the “management approach”. This approach stipulates external segment reporting based on the Group’s internal organizational and management structure and on internal financial reporting to the chief operating decision maker. The Group’s activities are in one segment, “Hygienic Disposable Products”. There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results and operating plans, and make resource allocation decisions on a company-wide basis. Therefore, the Group operates as one segment. Enterprise-wide disclosures about product sales, geographic areas and revenue from major customers are presented below:

7.6.1. Information by product group

The key product categories are:

- Baby Care products, principally baby diapers, baby pants and, to a lesser extent, wet wipes;
- Adult Care products, such as adult pants, adult diapers, incontinence towels and bed protection;
- Feminine Care products, such as sanitary towels, panty liners and tampons.

	Full Year	
in € million	2022	2021*
Baby Care	765.0	628.8
Adult Care	653.6	571.3
Feminine Care	222.0	180.8
Other	31.6	27.8
Total revenue	**1,672.2**	**1,408.7**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €617.7 million

7.6.2. Information by country

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 4% of Ontex Group NV Revenue. Sales to countries in our top four markets are presented in the table below. The sales in all other individual countries represent less than 10% of the Group's revenue.

	Full Year	
in € million	**2022**	**2021***
United Kingdom	253.8	221.3
USA	205.1	151.4
Italy	180.4	179.9
France	182.7	167.2
Other countries	850.2	689.0
Total revenue	**1,672.2**	**1,408.7**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €617.7 million

The following table presents an overview of the non-current assets (property, plant and equipment (PP&E), right to use assets and intangible assets) located in the main countries. The non-current assets in all other individual countries represent less than 10% of the Group's total non-current assets (excluding financial instruments, deferred tax assets and goodwill). Goodwill is not included in the below table as this is not monitored on a country-basis, but at the divisional level.

in € million	December 31, 2022	December 31, 2021
Belgium	133.5	139.0
Poland	68.5	42.9
Mexico	52.4	145.3
Czech Republic	50.0	51.1
Germany	49.7	83.7
Brazil	N/A	45.9
Other countries	208.8	213.5
Total	**562.9**	**721.3**

7.6.3. Revenue from major customers

The Group does not have a single significant customer. In 2022 the largest customer represents 7.8% (2021:8.1%) of the revenue. The 10 largest customers represent 37.1% of 2022 revenue (2021: 37.5%). The figures for 2021 have been adjusted for the reclassification of the Emerging Markets as discontinued operations.

7.7. LIST OF CONSOLIDATED COMPANIES

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2022	2021		
Can Hygiène SPA	Algeria	100.0%	100.0%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Australia Pty Ltd	Australia	100.0%	100.0%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Manufacturing Pty Ltd	Australia	100.0%	100.0%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Eutima BV	Belgium	100.0%	100.0%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontema BV 1)	Belgium	0.0%	100.0%	Genthof 12, 9255 Buggenhout, Belgium	0453.081.852
Ontex BV	Belgium	100.0%	100.0%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Active Industria De Cosméticos S.A.	Brazil	100.0%	100.0%	Rua Contorno Oeste 1/16 Quadra 01, Lote 01/16, Modulo 2 Senador Canedo, Goiania, Brazil	CNPJ 22.010816/0001-39
Falcon Distribuidora Armazenamento E Transporte S.A.	Brazil	100.0%	100.0%	Rua Iza Costa 1.104 Quadra: Area Lote Modulo 2, Fazenda Retio, Goiania, Brazil	CNPJ 23.191.831/0001-93
Chicolastic Chile, S.A.	Chile	100.0%	100.0%	Calle la Concepcion 81, D 603 P 06, Providencia, Santiagà, Region Metropolitan,8320000 Santiago de Chile, Chile	96886530-7
Ontex Hygienic Disposables (Yangzhou) Co.TD	China	100.0%	100.0%	Hangji industrial park, Hanjiang Dictrict, N°1 Zhaizhuang Road, 225111 Yangzhou, China	321000400010102
Ontex Hygienic Disposables (Shanghai) LTD	China	100.0%	100.0%	4F, Building G, No. 69, Hongqiao Green Valley Community, Yuhong Road, Minhang District, Shanghai	91310000MA1GCW6L6Y
Valor Brands de Centroamércia, S.A. de C.V. 1)	Costa Rica	0.0%	100.0%	100 norte del Centro Comercial Tres Rios a mano izquierda-Apartamento Tinoco #02, City Cartago, 10106 San José, Costa Rica	3-101-645685
Ontex CZ S.r.o.	Czech Republic	100.0%	100.0%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Ontex Hygienic Disposables PLC	Ethiopia	100.0%	100.0%	Tracon Tower Building Addis Ababa, Subcity Arada, Werada 02, Kebele 01, House n° : 30/97, Ethiopia	EIA-PC/01/005318/08
Hygiène Medica SAS	France	100.0%	100.0%	30 Rue Hubble Parc Européen de la Haute Borne, 59262 Sainghin-en-Mélantois, France	401 439 872
Ontex France SAS	France	100.0%	100.0%	586 Boulevard Albert Camus, 69400 Villefranche-sur-Saône, France	338 081 102
Ontex Santé France SAS	France	100.0%	100.0%	Quai du rivage 62119 Dourges, France	502 601 297
Moltex Baby-Hygiene GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
Ontex Engineering GmbH & Co .KG	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRA 21335
Ontex Healthcare Deutschland GmbH	Germany	100.0%	100.0%	Hansaring 6, Lotte 49504, Germany	HRB 9669

Name	Country	Percentage of interest held by the Group 2022	Percentage of interest held by the Group 2021	Registered office	Company legal number
Ontex Hygiënartikel Deutschland GmbH	Germany	100.0%	100.0%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Inko Deutschland GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 20630
Ontex Care GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Mayen GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699
Ontex Vertrieb GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
WS Windel-Shop GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Manufacturing Italy S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	02456370697
Serenity Holdco S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-178769
Serenity Spa	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-99632
Grupe P.I Mabe, S.A de C.V	Mexico	100.0%	100.0%	Ibsen N40 4to piso, col. Polanco Delegacion Miguel Hidalgo CP 11560 Mexico	GPI950824N64
Productos Internacionales Mabe, S.A de C.V	Mexico	100.0%	100.0%	Calle Norte 12, Ciudad Industrial 105,22505 Tijuana, Mexico	PIM810710R32
Ontex Mexico Operations S.A. de C.V. [2)]	Mexico	100.0%	0.0%	Calle 12 Norte No. 105, Ciudad Industrial, Tijuana, Mexico	OMO220624KA3
Ontex Hygiène Sarlau [1)]	Morocco	0.0%	100.0%	Quartier Al Hank Boulevard De La Corniche, 6ième étage, immeuble Yacht A/B Anfa - Casablanca, Morocco	240709
Ontex Pakistan ltd	Pakistan	100.0%	100.0%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	0076658
Ontex Polska sp. z.o.o.	Poland	100.0%	100.0%	ul. Przedsiebiorcrow 6, 97-500 Radomsko, Poland	0000010044
Ontex Romania Srl	Romania	100.0%	100.0%	Bucharest, 46 Grigore Cobalcescu Street, 2nd floor, 1st District, Romania	R 7682053
Ontex RU LLC	Russia	100.0%	100.0%	Zemlyanoy Val Street 9, 10564 Moscow, Russia	1055008702649
Ontex ES Holdco S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	B85082832
Ontex ID SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	NIFA-60617875
Ontex Peninsular SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	A40103855
Valor Brands Europe, S.L	Spain	100.0%	100.0%	Torviscal 12, 45007 Toledo, Spain	B2837-1540
Ontex Hygienic Spain, S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	M635-328
Ontex Tüketim. Urn. San. ve Tic. AS	Turkey	100.0%	100.0%	Tekstilkent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Ukraine LLC	Ukraine	100.0%	100.0%	Building 7(C), 13 M. Pymonenko Street, 04050 Kyiv, Ukraine,	37728333

Name	Country	Percentage of interest held by the Group 2022	Percentage of interest held by the Group 2021	Registered office	Company legal number
Ontex Health Care UK Ltd	United Kingdom	100.0%	100.0%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
Ontex Retail UK Ltd	United Kingdom	100.0%	100.0%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex US Holdco, LLC	USA	100.0%	100.0%	1201 North Market Street, 19801 Wilmington, New Castle county, Delaware, United States of America	35-2548297
Valor Brands, LLC	USA	100.0%	100.0%	960 North Point Parkway, Suite 100, Alpharetta, GA 30005, USA	06-1661367
Ontex Operations USA, LCC	USA	100.0%	100.0%	1900 Barnes Street, Reidsville, NC 27320	85-0811594

1) Ontema BV, Valor Brands de centroamérica, S.A de C.V. and Ontex Hygiène Sarlau have been liquidated in the course of 2022.

2) Ontex Mexico Operations S.A. de C.V. was founded in the course of 2022.

The voting rights equal the percentage of interest held.

The most significant Group subsidiaries are Ontex BV, Ontex Mayen GmbH, Ontex Hygiënartikel Deutschland GmbH, Ontex Santé France SAS, Ontex CZ Sro, Serenity Spa, Ontex Manufacturing Italy S.r.l. and Valor Brands LLC.

For the financial year ending December 31, 2022 the following companies make use of the exemptions in accordance with the German regulations of § 264 III and § 264b HGB

- Ontex Vertrieb GmbH, Mayen;
- Ontex Mayen GmbH, Mayen;
- Moltex Baby-Hygiene GmbH, Mayen;
- WS Windel-Shop, Mayen;
- Ontex Healthcare Deutschland GmbH, Lotte;
- Ontex Hygieneartikel Deutschland GmbH, Großpostwitz; and
- Ontex Engineering GmbH & Co. KG, Mayen.

7.8. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

Following its strategic review announced end of 2021 and formalized beginning of 2022, the Group announced it will pursue divestment opportunities for the activities located in the “Emerging Markets”.

“Emerging Markets” are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa.

These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. As a result, discontinued operations are shown as one line item in the consolidated financial statements as detailed below. The discontinued statement of financial position items are presented at lower of the fair value less cost-to-sell and the carrying amount, in accordance with IFRS 5.

The associated assets and liabilities are consequently presented as held for sale as from January 1st, 2022. The related financial performance is thereby reported as discontinued operations in the Income statement. The assets held for sale in the table below amount to €653.9 million and deviate from the amount in the consolidated statement of financial position as the Group also holds a building in Germany as held for sale at December 31st, 2022.

Ontex entered into a binding agreement in July 2022 to sell its Mexican and related export activities to Softys S.A., marking a milestone in the transformation of Ontex. Net cash proceeds are estimated at approximately €250.0 million. The closing is foreseen early Q2 2023, subject to the customary conditions, including the applicable merger clearance approvals. Proceeds from the transaction will be exclusively applied to reduce debt.

Ontex is making progress in the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue.

Disposal group classified as held for sale

Upon reclassification as held for sale, total impairment losses on goodwill of €60.0 million have been recognized to present the net assets at the lower of the carrying amount and the fair value less costs of disposal.

At December 31, 2022, additional impairment losses on goodwill of €48.9 million have been recognized based on a comparison of the expected proceeds of disposal less costs to sell versus the carrying amount of the related net assets. €33.2 million of the impairment is related to the impact of the application of Hyperinflation on the Turkish carrying net assets, which increased with €29.0 million. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

in € million	December 31, 2022
Non-current Assets	
Goodwill	83.8
Intangible assets	17.1
Property, plant and equipment	183.8
Right-of-use assets	16.3
Deferred tax assets	0.4
Other non-current assets	0.5
	301.9
Current Assets	
Inventories	116.1
Trade receivables	115.4
Prepaid expenses and other receivables	53.8
Current tax assets	6.5
Derivative financial assets	0.5
Cash and cash equivalents	59.7
	352.0
Assets classified as held for sale	**653.9**

in € million	December 31, 2022
Non-current liabilities	
Employee benefit liabilities	3.4
Interest-bearing debts	16.8
Deferred tax liabilities	12.9
	33.1
Current liabilities	
Interest-bearing debts	22.2
Derivative financial liabilities	0.4
Trade payables	154.1
Accrued expenses and other payables	19.6
Employee benefit liabilities	12.5
Current tax liabilities	4.8
Provisions	2.9
	216.5
Liabilities related to assets classified as held for sale	**249.6**

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2022 were €302.4 million.

Financial performance

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

in € million	Full Year 2022	Full Year 2021
Revenue	**792.3**	**617.7**
Operating expenses (excl. depreciations and amortizations)	(760.6)	(601.7)
Adjusted EBITDA	**31.7**	**15.9**
Income and expenses related to impairment losses and restructuring	(122.6)	(25.1)
EBITDA	**(90.9)**	**(9.1)**
Depreciation and amortization	-	(22.0)
Financial result	(19.9)	(1.1)
Profit/(loss) before income tax	**(110.7)**	**(32.3)**
Income tax expense	(10.9)	(10.2)
Profit/(loss) for the period from discontinued operations	**(121.6)**	**(42.4)**

Earnings per share (€)	Full Year 2022	Full Year 2021
For discontinuing operations		
Basic earnings per share	(1.50)	(0.52)
Diluted earnings per share	(1.50)	(0.52)

Cash flows

The cash flow information presented for the period ended December 31, 2022 and 2021:

in € million	Full Year 2022	Full Year 2021
Net cash generated from / (used in) operating activities	14.4	81.7
Net cash generated from / (used in) investing activities	(13.1)	(31.4)
Net cash generated from / (used in) financing activities	(4.2)	(40.6)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2.9)**	**9.8**
Effects of exchange rate changes on cash and cash equivalents	1.5	(7.8)

Hyperinflation

In 2022, the Turkish economy faced further rapid inflation resulting in the three-year cumulative inflation of Turkey to exceed 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies as of 1 January 2022. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into euro at the period closing exchange rate.

Consequently, the Ontex Group has applied hyperinflation accounting for its Turkish subsidiaries in these financial statements applying the IAS 29 rules as follows:

- Hyperinflation accounting was applied as of 1 January 2022;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Turkey were restated using official Consumer Price index published by the Turkish Statistic Institute TUIK. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2021 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2022 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line. This impact in 2022 amounted to €9.7m. The CPI index at 31 December 2022 amounted to 1,128.45 which means an increase of 64% versus 31 December 2021;
- The income statement is adjusted at the end of each reporting period using the change in the consumer price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies). This impact in 2022 amounted to €0.4m;
- The prior year income statement and statement of financial position were not restated.

In 2022, the Turkish operations represented 12.2% of the company's revenue from discontinued operations.

The hyperinflation impact on the net assets held for sale presented above of €404.4 million, amounts to €29.0 million. As indicated above, this subsequently has lead to an impairment on goodwill of the Turkish business for €33.2 million.

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7.9. GOODWILL AND INTANGIBLE ASSETS

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Year ended December 31, 2022						
Opening net book amount	**1,039.9**	**15.4**	**1.7**	**19.2**	**9.5**	**1,085.7**
Hyperinflation opening net book amount	9.5	0.0	0.0	0.0	0.0	**9.5**
Restated opening net book amount	**1,049.4**	**15.4**	**1.7**	**19.2**	**9.5**	**1,095.2**
Additions	0.0	0.0	0.2	6.7	4.5	**11.3**
Transfers	0.0	0.0	3.7	0.9	(4.5)	**0.1**
Reclassified as held for sale	(170.6)	(15.4)	0.0	0.0	0.2	**(185.8)**
Amortization expense	0.0	0.0	(1.3)	(7.9)	0.0	**(9.2)**
Impairment	(84.1)	0.0	(0.2)	0.0	0.0	**(84.3)**
Exchange differences	3.2	(0.0)	0.0	(0.0)	0.0	**3.2**
Closing carrying amount	**797.9**	**(0.0)**	**4.1**	**18.9**	**9.6**	**830.6**
At December 31, 2022						
Cost	862.6	0.0	9.4	67.5	23.7	**963.4**
Accumulated amortization and impairment	(64.7)	(0.0)	(5.3)	(48.6)	(14.1)	**(132.7)**
Carrying amount	**797.9**	**(0.0)**	**4.1**	**18.9**	**9.6**	**830.6**

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Year ended December 31, 2021						
Opening net book amount	**1,106.7**	**23.2**	**3.7**	**20.8**	**5.8**	**1,160.2**
Additions	0.0	0.0	0.1	7.0	5.2	**12.3**
Transfers	0.0	0.0	1.1	0.1	(0.9)	**0.3**
Disposals	0.0	0.0	(0.1)	(0.0)	0.0	**(0.1)**
Amortization expense	0.0	(1.6)	(1.0)	(8.2)	(0.0)	**(10.8)**
Impairment	(66.1)	(7.1)	(2.1)	(0.5)	(0.5)	**(76.3)**
Exchange differences	(0.7)	0.8	0.0	(0.0)	0.0	**0.1**
Closing carrying amount	**1,039.9**	**15.4**	**1.7**	**19.2**	**9.5**	**1,085.7**
At December 31, 2021						
Cost	1,106.8	31.2	5.5	62.2	23.7	**1,229.3**
Accumulated amortization and impairment	(66.9)	(15.8)	(3.8)	(43.0)	(14.1)	**(143.6)**
Carrying amount	**1,039.9**	**15.4**	**1.7**	**19.2**	**9.5**	**1,085.7**

The decrease compared to prior year is mostly due to the reclassification to assets held for sale.

Brands in 2021 represent the capitalization of some of the brands acquired through the acquisitions of Grupo Mabe and Ontex Brazil. The impairment recognized in 2021 resulted mainly from the goodwill impairment test carried out on the Brazilian business.

Capitalized IT implementation costs represent internally developed and externally purchased software for own use.

The impairment recognized in 2022 results mainly from the goodwill impairment test carried out on the Russian business, see below for more information.

The amortization expense is included in the captions of the consolidated income statement as follows:

in € million	2022	2021*
Cost of sales	0.1	0.0
General and administrative expenses	9.1	8.5
Total amortization expense	**9.2**	**8.6**

* The amortization expense for 2021 in the above table deviates from the depreciation expense in the roll forward table of 2021 due to the reclassification of the Emerging Markets to discontinued operations for an amount of €2.2 million.

The Group incurred €11.8 million of research and development expenses in 2022 (2021: €8.7 million) that has been recorded under the caption 'General and administrative expenses'.

No intangible assets have been pledged in the context of financial liabilities.

7.9.1. Goodwill

History

At the end of 2010, Ontex was acquired from Candover by Goldman Sachs Capital Partners and TPG Capital, both holding 50% of the shares of the new Ontex top-holding company. At the time of the acquisition, the net assets of Ontex were negative which resulted in the generation of goodwill of €841.5 million.

In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy. This acquisition resulted tin the recognition of a goodwill of €18.6 million.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products. This major acquisition resulted in the recognition of a goodwill for €236.1 million, which was denominated in Mexican peso and US dollars.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil"). This resulted in a goodwill of €128.3 million, which was denominated in Brazilian real.

Following its strategic review announced end of 2021 and formalized beginning of 2022, the Group announced it will pursue divestment opportunities for the activities located in the "Emerging Markets". "Emerging Markets" are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa. Following this strategy, €170.6 million of goodwill was reclassified to assets held for sale.

Goodwill impairment

Considering the renewed strategy of the Group to refocus its activities on Europe and North America, the Group has reviewed the cash-generating units and has determined the following cash-generating units for the purpose of the goodwill impairment testing:

- Europe
- Russia
- North America

Annual impairment reviews are performed during the fourth quarter of each year for all CGUs, except if there would be factors indicating a risk for impairment loss. These reviews compare the carrying value of each CGU with the recoverable amount of the CGU's assets calculated using a discounted cash flow model. If the recoverable amount is less than the carrying value of the CGU, an impairment loss is recognized immediately in the income statement.

Due to the current economic performance of the Group and the modified strategy, the Group has performed an impairment test on a more frequent basis during 2022. The test at half year 2022 revealed that an impairment loss should be recognized on the CGU "Russia". The test at year-end did not lead to any additional impairment.

The judgments and estimates considered in the context of the impairment tests are disclosed in note 7.4.4.

Goodwill allocated to the CGUs as at December 31 was as follows:

in € million	2022	2021
Europe	743.1	818.0
North & Central America	N/A	205.1
North America	54.9	N/A
Middle East, Africa & Asia	N/A	16.7
Goodwill allocated to the CGU's	**797.9**	**1,039.9**

As mentioned above, the test carried out at half year 2022 resulted in the recognition of an impairment loss of €84.1 million on the CGU "Russia" reflecting the revised strategy and forecasts. The impairment loss of €84.1 million has been entirely allocated to goodwill.

The recoverable amount of a CGU is determined by means of value-in-use calculations. These calculations are based on pre-tax cash flow projections (prepared in euros) using key parameters from the consolidated financial budget approved by Ontex' Board of Directors and the Group's Strategic Plan through 2025. Cash flows in 2026 are determined based on the average growth rate in the Group's Strategic Plan through 2025. Cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America.

The key assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates, estimated changes to selling prices, product offerings, direct costs, operating margins and terminal growth rates. Climate-related matters were considered but did not have a material impact on the value-in-use calculation as explained in the Non-Financial Statements.

The discount rate is a measure based on industry average weighted cost of capital and risk-free rates weighted for the different regions in which the CGU's are operating.

Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on key parameters from the consolidated financial budget approved by the Board of Directors, the Group's Strategic Plan through 2025, and pre-tax discount rates for each CGU as described in note 7.4.4 Impairment based on current market assessments of the time value of money and the risks specific to the Group.

The development of the financial budget and Strategic Plan relies on a number of assumptions, including:

- The market growth, the evolution of the Group's market share, competitive landscape and innovation trends in the different markets as well as strategic initiatives.
- The product mix.
- The expected evolution of various direct and indirect expenses.
- The estimated future capital expenditure.

The assumptions were derived mainly from:

- Available historic data.
- External market research.
- Internal market expectations based on trend reports, etc.

The key assumptions used are reviewed and updated on a yearly basis by the Group's management. Taking into account the excess of the cash-generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2022.

The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note 7.4.4 Impairment.

7.10. PROPERTY, PLANT AND EQUIPMENT

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2022						
Opening carrying amount	**121.4**	**396.9**	**1.0**	**0.6**	**53.6**	**573.4**
Hyperinflation opening net book amount	0.0	6.4	0.0	0.0	0.0	**6.5**
Restated opening net book amount	**121.4**	**403.3**	**1.0**	**0.6**	**53.6**	**579.9**
Additions	4.9	33.6	0.3	0.1	7.0	**45.9**
Transfers	2.0	21.6	0.1	0.0	(23.2)	**0.6**
Disposals	(0.3)	(0.7)	0.0	0.0	(0.1)	**(1.1)**
Depreciation expense	(4.4)	(35.2)	(0.3)	(0.2)	0.0	**(40.0)**
Impairment	0.0	(4.1)	(0.0)	0.0	(0.2)	**(4.4)**
Capital grants received	0.0	(0.4)	0.0	0.0	0.0	**(0.4)**
Exchange differences	0.8	7.2	0.0	0.0	0.9	**9.0**
Reclassified as held for sale	(46.7)	(124.9)	(0.3)	(0.2)	2.5	**(169.5)**
Closing carrying amount	**77.8**	**300.4**	**0.9**	**0.4**	**40.6**	**420.1**
At December 31, 2022						
Cost	124.1	587.5	3.3	3.3	40.6	**758.8**
Accumulated depreciation and impairment	(46.3)	(287.1)	(2.3)	(2.9)	0.0	**(338.7)**
Carrying amount	**77.8**	**300.4**	**0.9**	**0.4**	**40.6**	**420.1**

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2021						
Opening carrying amount	**123.1**	**407.3**	**1.3**	**1.0**	**83.2**	**615.9**
Additions	0.9	18.1	0.0	0.0	25.3	**44.2**
Transfers	1.0	54.1	0.0	0.1	(55.6)	**(0.3)**
Disposals	(1.2)	(0.3)	0.0	(0.1)	(0.1)	**(1.7)**
Depreciation expense	(5.7)	(46.0)	(0.4)	(0.5)	0.0	**(52.5)**
Impairment	(1.7)	(39.5)	(0.0)	0.0	(0.2)	**(41.4)**
Capital grants received	0.0	(0.2)	0.0	0.0	0.0	**(0.2)**
Exchange differences	2.3	3.2	(0.0)	0.0	1.0	**6.5**
Reclassified as held for sale	2.7	0.2	(0.0)	0.0	0.0	**2.9**
Closing carrying amount	**121.4**	**396.9**	**1.0**	**0.6**	**53.6**	**573.4**
At December 31, 2021						
Cost	171.7	743.6	3.5	3.9	53.6	**976.3**
Accumulated depreciation and impairment	(50.3)	(346.7)	(2.5)	(3.4)	0.0	**(402.9)**
Carrying amount	**121.4**	**396.9**	**1.0**	**0.6**	**53.6**	**573.4**

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

The decrease compared to prior year is mainly linked to the reclassification to assets held for sale.

Impairment losses in 2022 are limited to €4.4 million and is related to an expected decreased utilization rate on some machinery. In 2021, impairment losses consisted for an amount of €18.4 million to the impairment performed on the business in Brazil and additional impairment losses recognized on idle machinery because of the economic downturn in certain of our geographies.

The depreciation expense is included in the consolidated income statement as follows:

in € million	2022	2021*
Cost of Sales	34.3	33.0
Distribution expenses	1.3	1.4
Sales and marketing expenses	0.1	0.1
General administrative expenses	2.4	2.4
Other operating income	1.8	1.5
Total depreciation expense	**40.0**	**38.4**

* The depreciation expense for 2021 in the above table deviates from the depreciation expense in the roll forward table of 2021 due to the reclassification of the Emerging Markets to discontinued operations for an amount of €14.2 million.

No pledges have been set on the items of property, plant and equipment, except for some machinery in the context of local borrowings.

7.11. LEASES

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2022				
Opening carrying amount	**87.4**	**4.0**	**10.5**	**102.0**
Hyperinflation opening net book amount	0.7	0.0	0.0	**0.7**
Restated opening net book amount	**88.1**	**4.0**	**10.5**	**102.7**
Additions	40.3	0.6	3.3	**44.2**
Transfers	(0.0)	(0.7)	0.0	**(0.7)**
Disposals	(0.5)	0.0	(0.0)	**(0.6)**
Depreciation expense	(15.8)	(1.3)	(4.1)	**(21.2)**
Impairment	(3.2)	0.0	0.0	**(3.2)**
Modifications to lease liabilities	(2.0)	(0.1)	(0.5)	**(2.5)**
Exchange differences	2.6	(0.0)	0.1	**2.7**
Reclassified as held for sale	(9.5)	(0.1)	(1.7)	**(11.3)**
Closing carrying amount	**100.1**	**2.5**	**7.5**	**110.1**
At December 31, 2022				
Cost	156.8	6.7	16.5	**180.0**
Accumulated depreciation and impairment	(56.8)	(4.2)	(9.0)	**(69.9)**
Carrying amount	**100.1**	**2.5**	**7.5**	**110.1**

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2021				
Opening carrying amount	**108.8**	**6.2**	**11.8**	**126.8**
Additions	2.5	0.2	4.5	**7.2**
Depreciation expense	(16.3)	(2.3)	(5.8)	**(24.4)**
Impairment	(5.0)	0.0	0.0	**(5.0)**
Modifications to lease liabilities	(3.5)	(0.1)	0.3	**(3.3)**
Exchange differences	0.9	0.0	(0.3)	**0.7**
Closing carrying amount	**87.4**	**4.0**	**10.5**	**102.0**
At December 31, 2021				
Cost	138.6	11.4	25.5	**175.5**
Accumulated depreciation and impairment	(51.1)	(7.4)	(14.9)	**(73.4)**
Carrying amount	**87.4**	**4.0**	**10.5**	**102.0**

The Group leases mainly plants and warehouses (lease terms between 3 and 25 years), machinery (lease terms of 5 years on average) and company cars (lease terms between 4 and 5 years).

For the lease of land and buildings, the Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. As at December 31, 2022, potential future cash outflows of €17.8 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (2021: €21.4 million).

The consolidated income statement presents the following amounts relating to leases:

in € million	2022	2021*
Cost of Sales	7.2	6.0
Distribution expenses	8.8	7.2
Sales and marketing expenses	1.3	1.3
General administrative expenses	3.3	4.3
Other operating income/(expenses)	0.6	0.0
Total depreciation expense	**21.2**	**18.7**
Interest expense	4.3	3.2
Expense relating to short-term leases	14.6	11.3
Expense relating to leases of low-value assets	0.3	0.4
Expense relating to variable lease payments	3.7	3.3

* The depreciation expense for 2021 in the above table deviates from the depreciation expense in the roll forward table of 2021 due to the reclassification of the Emerging Markets to discontinued operations for an amount of €5.7 million.

The lease liabilities are detailed in note 7.17.

7.12. INVENTORIES

Inventories can be split as follows:

in € million	December 31, 2022	December 31, 2021
Raw materials	148.7	178.8
Work in progress	0.8	1.6
Finished goods	122.6	188.6
Other	5.1	7.5
Write-down on inventories	(12.9)	(17.8)
Inventories	**264.3**	**358.7**

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under ‘Cost of sales’ amounted to €1,294.7 million in 2022 (€1,510.4 million in 2021). The amount for 2021 consists of the full group and does not take into account the reclassification to discontinued operations as the statement of financial position figures at December 31, 2021 were not restated.

7.13. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES

The current trade and other receivables are detailed below:

in € million	December 31, 2022	December 31, 2021
Trade receivables	195.9	278.4
Less: allowance for impairment of trade receivables	(4.1)	(8.6)
Trade receivables - net	**191.8**	**269.8**
Prepayments	4.8	8.7
Other amounts receivable	32.1	60.5
Prepaid expenses and other receivables	**36.8**	**69.2**
Trade and other receivables - Current	**228.6**	**339.0**

Other amounts receivable include recoverable VAT for an amount of €29.4 million for 2022 (2021: €55.9 million). The decrease compared to prior year is explained by the reclassification to assets held for sale of the Emerging Markets. The fair value of the current receivables approximates their carrying amounts.

The aging of the trade receivables (net) at December 31 is as follows:

in € million	December 31, 2022	December 31, 2021
Not due	164.7	223.6
0 to 30 days	16.6	21.2
31 to 60 days	4.4	8.0
61 to 90 days	1.5	6.7
Over 90 days	4.5	10.2
Total	**191.8**	**269.8**

The Group doesn't apply systematically external credit rating.

The carrying amount of the Group's trade receivables (net) are denominated in the following currencies:

in € million	December 31, 2022	December 31, 2021
EUR	71.8	70.6
PLN	34.5	35.0
USD	29.3	32.9
GBP	26.9	19.2
RUB	16.5	13.4
BRL	-	33.1
MXN	-	27.2
DZD	-	10.1
TRY	-	9.2
Other	12.8	18.9
Total	**191.8**	**269.8**

During the year, the payment terms for the receivables have neither deteriorated nor been renegotiated that affect the overall payment terms. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security.

An impairment analysis of trade receivables is done based on expected losses, next to individual assessments, but there are no significant impairments.

Movements on the Group allowance for impairment of trade receivables are as follows:

in € million	December 31, 2022	December 31, 2021
Opening Balance	8.6	8.2
Allowance for receivable impairment	0.3	1.3
Receivables written off during the year as uncollectible	(0.3)	(0.1)
Unused amounts reversed	(0.1)	(0.9)
Foreign exchange differences	0.1	0.1
Reclassified as held for sale	(4.4)	-
At December 31	**4.1**	**8.6**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The creation and the release of the allowance for impaired receivables have been included in 'Sales and marketing expense' in the income statement.

The Group has a long term, standing non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance. The Agreement provides us with a maximum credit facility of up to €200.0 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to us.

Next to the above-mentioned Group factoring agreement a number of local non-recourse agreements are in place at local level. Bilateral factoring agreements are in place for Serenity (Italian subsidiary) with Ifitalia, Banca Sistema and BFF, and Ontex Russia has agreements with AK BARS BANK PJSC.

As at December 31, 2022, €165.5 million of financing was obtained through the factoring programs (€146.6 million in 2021), this is in addition to €3.4 million of financing which was obtained through the use of supply chain financing programs offered by our customers. The late payment risk related to the factoring has been assessed as immaterial at closing 2022 and 2021.

In accordance with IFRS 9 *Financial instruments*, all non-recourse trade receivables, included in these factoring programs, are derecognized for the non-continuing involvement part.

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7.14. CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

in € million	December 31, 2022	December 31, 2021
Short-term bank deposits (no longer than 3 months)	15.4	58.3
Cash at bank and on hand	133.7	188.4
Total	**149.1**	**246.7**

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

Ontex Russia has cash that can only be used to a certain extent by other entities within the group but is accessible on demand by the subsidiary and is therefore included in cash and cash equivalents in the statement of financial position.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

in € million	December 31, 2022	December 31, 2021
AA	1.6	1.7
A	142.8	209.5
BBB	1.1	5.3
BB	1.4	17.9
B	-	7.5
No credit rating	2.2	4.8
Total	**149.1**	**246.7**

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7.15. SHARE CAPITAL

The capital of €1,208.0 million is represented by 82,347,218 (authorized) shares, of which 1,270,500 treasury shares (2021: 1,381,140 treasury shares). As such, the ordinary shares held by third parties amount to 81,076,718 shares (2021: 80,966,078).

The issued capital is fully paid and consists of ordinary shares without par value.

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7.16. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2022 was 81,030,032, which is the weighted average number of shares for 2022 (2021: 80,950,106 shares).

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of Ontex Group NV, no effects of dilution affect the net profit attributable to ordinary equity holders. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

	Full Year	
in € million	**2022**	**2021***
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	(148.7)	(19.5)
Profit/loss attributable to equity holders of the Company	(270.3)	(61.9)
Diluted earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	(148.7)	(19.5)
Profit/loss attributable to equity holders of the Company	(270.3)	(61.9)
Adjusted Basic Earnings		
Profit from continuing operations attributable to equity holders of the Company	(148.7)	(19.5)
EBITDA adjustments	103.0	59.7
Tax correction	(4.4)	(15.5)
Adjusted Basic Earnings	**(50.1)**	**24.7**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**(50.1)**	**24.7**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations.

	Full Year	
Number of Shares	**2022**	**2021**
Weighted average number of ordinary shares outstanding during the period	81,030,032	80,950,106
Dilution	285,935	230,027

	Full Year	
Earnings per share (€)	**2022**	**2021**
For continuing operations		
Basic earnings per share	(1.83)	(0.24)
Diluted earnings per share	(1.83)	(0.24)
Adjusted basic earnings per share	(0.62)	0.30
Adjusted diluted earnings per share	(0.62)	0.30
For continuing and discontinued operations		
Basic earnings per share	(3.34)	(0.76)
Diluted earnings per share	(3.34)	(0.76)

A weighted average number of 3,377,976 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2022 (2021: 2,320,425 options).

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7.17. INTEREST-BEARING DEBTS

in € million	December 31, 2022	December 31, 2021
Non-current		
Borrowings:	791.4	793.1
Senior Notes	*573.8*	*572.1*
Syndicated Term Loan A > 1 year	*217.3*	*216.3*
Other borrowings	*0.2*	*4.6*
Lease and other liabilities	100.4	92.1
Lease liabilities	*100.4*	*92.1*
Interest-bearing debts non-current	**891.7**	**885.2**
Current		
Borrowings:	125.4	56.4
Senior revolving Facility B	*115.0*	*-*
Other borrowings	*-*	*14.8*
Interests:		
Other borrowings	*10.4*	*10.4*
Total return swap	*-*	*31.2*
Lease and other liabilities	20.0	30.6
Lease liabilities	*20.0*	*21.5*
Other financial liabilities	*(0.0)*	*9.1*
Interest-bearing debts current	**145.4**	**87.0**
Total interest-bearing debts	**1,037.1**	**972.2**

All borrowings are denominated in € as of December 31, 2022.

On June 23, 2021 the Group refinanced it's syndicated credit facilities agreement (Syndicated Term Loan A) for an amount of €220.0 million, and a revolving credit facility (Senior Revolving Facility B) in an amount of up to €250.0 million. In addition, it issued a 5-year High Yield Bond ('Senior Notes') in an amount of €580.0 million with a coupon of 3.50%. The Syndicated Term Loan A of € 220.0 million due 2024 is carrying an interest rate of EURIBOR 3 months + margin of 3.90% (subject to the leverage). The Senior Revolving Facility due 2024 is carrying an interest rate of EURIBOR + margin of 3.60% (subject to the leverage), and was utilized for €115.0 million at closing 2022.

On July 29, 2015, a full hedging program (total return swap) for the share-based payment arrangements (LTIP) was implemented. For more information, see note 7.5.6 and 7.28. This program was stopped in 2022.

The following table reconciles the movements of the financial liabilities to the cash flows arising from financing activities:

December 31, 2022	**Opening carrying amount**	**Cash flows**	**Non-cash movements**				**Closing carrying amount**	**Of which held for sale**
in € million			**Acquisition**	**Exchange differences**	**Reclasses**	**Other**		
Non-current interest-bearing debts								
Borrowings	793.1	(0.4)	-	(0.8)	(1.1)	2.6	793.4	(2.0)
Lease and other liabilities	92.1	(25.0)	44.8	4.3	(1.6)	0.6	115.2	(14.8)
Current interest-bearing debts							-	
Borrowings	56.4	75.9	-	0.7	1.1	-	134.1	(8.7)
Lease and other liabilities	30.6	1.0	-	0.2	1.6	0.0	33.5	(13.5)
Total liabilities from financing activities	**972.2**	**51.5**	**44.8**	**4.4**	**0.0**	**3.2**	**1,076.1**	**(39.0)**
Presented in the statement of cash flows (financing activities) as follows:								
Proceeds from borrowings		133.2						
Repayment of borrowings		(81.7)						

December 31, 2021	**Opening carrying amount**	**Cash flows**	**Non-cash movements**				**Closing carrying amount**	**Of which held for sale**
in € million			**Acquisition**	**Exchange differences**	**Reclasses**	**Other**		
Non-current interest-bearing debts								
Borrowings	800.4	33.9	-	(0.1)	(48.2)	7.1	793.1	-
Lease and other liabilities	111.0	(22.7)	7.2	1.3	0.2	(4.9)	92.1	-
Current interest-bearing debts								
Borrowings	341.1	(341.9)	-	0.2	48.2	8.8	56.4	-
Lease and other liabilities	25.2	5.4	-	0.2	(0.2)	-	30.6	-
Total liabilities from financing activities	**1,277.7**	**(325.3)**	**7.2**	**1.7**	**0.0**	**10.9**	**972.2**	**-**
Presented in the statement of cash flows (financing activities) as follows:								
Proceeds from borrowings		799.3						
Repayment of borrowings		(1,124.7)						

7.17.1. Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored. At year-end 2022 and 2021, all covenants were met.

No assets have been pledged in the context of the syndicated term loans. However, certain subsidiaries act as guarantors for these loans. For local borrowings, some machinery are pledged.

7.17.2. Other information

Serenity SPA has a total of €62.0 million lines of credit available, of which €19.5 million has been used through the issuance of external bank guarantees:

- €30.0 million from UniCredit
- €25.0 million from UBI
- €7.0 million from BNL

A line of credit of AUD 1.0 million has been granted to Ontex Manufacturing Pty Ltd by Commonwealth Bank Australia, of which AUD 0.4 million has been used.

For Ontex BV, a bank guarantee issued by BNL is in place for €2.5 million in favor of the Italian Custom Agency as at December 31, 2022.

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7.18. EMPLOYEE BENEFIT LIABILITIES

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the statement of financial position can be analyzed as follows:

in € million	December 31, 2022	December 31, 2021
Post-employment benefits	12.5	20.1
Long-term benefits	1.1	1.9
Employee benefit liabilities	**13.5**	**22.0**
Short-term employee benefit liabilities	40.4	46.2
Net liability	**54.0**	**68.2**

The calculation of the liability is based on actuarial assumptions that have been determined on the various statement of financial position dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits

Ontex makes payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, Ontex operates a defined benefit insurance scheme in Belgium and Ontex also has an obligation to make severance payments to employees upon their retirement in France.

Ontex also operates several unfunded pension arrangements in respect of our German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

The Group operates a couple of defined contribution (DC) plans which receive fixed contributions. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions amounts to €4.1 million (see also note 7.22 below; 2021: €4.9 million). The 2021 amount has been restated following the classification of the Emerging Markets as discontinued operations.

In Belgium, the defined contribution (DC) plans are subject to a minimum guaranteed rate of return by law and are hence treated as defined benefit (DB) plans. In practice, this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2022, no liability has been recognized (2021: nil). The accumulated reserves of these plans are equal to the assets. There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk.

Reconciliation of the post-employment employee benefit liabilities

in € million	December 31, 2022	December 31, 2021
RECOGNITION OF THE OBLIGATION		
Defined benefit obligation (DBO) at end of period	(26.2)	(33.6)
Fair value of plan assets at end of period	15.2	14.7
Funded status	**(11.1)**	**(18.9)**
Net (liability)/asset in statement of financial position	**(11.1)**	**(18.9)**
Defined benefit cost		
Current service cost	(2.2)	(3.2)
Past service cost	-	0.7
Service cost recognized in Income Statement	**(2.2)**	**(2.6)**
Interest expense on DBO	(0.3)	(0.4)
Interest income on plan assets	0.2	0.1
Net interest cost	**(0.2)**	**(0.2)**
Pension expense	**(2.4)**	**(2.8)**

in € million	December 31, 2022	December 31, 2021
RECONCILIATION OF THE OBLIGATION		
Defined benefit obligation (DBO) at beginning of year	**(33.6)**	**(36.3)**
Transfer to liability held for sale	2.4	-
Current service cost	(2.2)	(3.2)
Past service cost	-	0.7
Service cost	**(2.2)**	**(2.6)**
Interest expense on DBO	(0.3)	(0.4)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.1	0.2
Benefit payments from plan	0.4	0.2
Benefit payments from employer	0.5	0.5
Effect of changes in financial assumptions	5.4	2.5
Effect of experience adjustments	1.1	2.0
Effect of changes in foreign exchange rates	-	0.3
Defined benefit obligation (DBO) at end of year	**(26.2)**	**(33.6)**

in € million	December 31, 2022	December 31, 2021
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE		
Fair value of plan assets at beginning of year	**14.7**	**13.5**
Transfer to liability held for sale	(0.4)	-
Interest income	0.2	0.1
Employer contribution	1.6	1.9
Plan participants' contributions	0.1	0.1
Benefit payments from plan	(0.4)	(0.2)
Benefit payments from employer	(0.5)	(0.5)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.1)	(0.2)
Return on plan assets (excluding interest income)	0.0	0.1
Fair value of plan assets at end of year	**15.2**	**14.7**

in € million	December 31, 2022	December 31, 2021
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION		
Net (liability)/asset at beginning of year	**(18.9)**	**(22.8)**
Transfer to liability held for sale	2.0	-
Defined benefit cost included in the income statement	(2.2)	(2.6)
Net interest expense	(0.2)	(0.2)
Total remeasurements included in OCI	6.5	4.6
Employer contributions	1.6	1.9
Effect of changes in foreign exchange rates	-	0.3
Net (liability)/asset at end of year	**(11.1)**	**(18.9)**
Unfunded versus Funded		
Part of DBO from plans that are wholly unfunded	(11.1)	(18.9)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2023 are €1.5 million.

Significant actuarial assumptions

December 31, 2022	COUNTRY Belgium	Germany	France	Italy
Discount rate	3.55%	3,35% / 3,30% / 3,55%	3.35%	3.45%
Expected Interest Income	3.55%	3,35% / 3,30% / 3,55%	3.35%	3.45%
Salary increase rate (on top of inflation)	3.50%	0.00% / N/A / N/A	3.50%	N/A
Rate of inflation	2.25%	2,25% / 0,00% / 2,25%	2.55%	2.50%
Mortality table	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2017/2019	IPS55
Turnover table/rates	None	Only Jubilee: 10% of employees 60 years old and younger	Client's table by category	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A
Weighted average durations	12.7	11.3	11.6	10.6

	COUNTRY						
December 31, 2021	Turkey	Mexico	Pakistan	Belgium	Germany	France	Italy
Discount rate	19.60%	7.76%	10.75%	1.20%	0,70% / 0,90% / 1,00%	0.95%	0.90%
Expected Interest Income	19.60%	7.76%	10.75%	1.20%	0,70% / 0,90% / 1,00%	0.95%	0.90%
Salary increase rate (on top of inflation)	13.00%	4.54%	10.75%	3.25%	0.00% / N/A / N/A	2.50%	N/A
Rate of inflation	13.00%	4.00%	8.98%	1.75%	1,75% / 0,00% / 1,75%	1.75%	1.50%
Mortality table	C.S.O. 1980	EMSSA09	State Life Insurance Corporation (SLIC) 2001-2005	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2016/2018	IPS55
Turnover table/rates	Company specific	Based on company experience	3.7%	None	Only Jubilee: 10% of employees 60 years old and younger	Client's table by category	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average durations	7.3	13.8	53.7	16.2	8.9	12.6	10.4

There are no unusual entity-specific or plan-specific risks to which the plan exposes the entity, neither are there any significant concentrations of risk.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

	December 31, 2022			
in € million	Belgium	Germany	France	Italy
Discount rate - 0,25bp	(17.5)	(6.8)	(1.7)	(1.6)
Discount rate + 0.25bp	17.2	6.5	1.6	1.6
Salary increase - 0.25bp	(0.1)	(5.9)	(1.6)	(1.6)
Salary increase + 0.25bp	0.1	5.9	1.7	1.6

in € million	Turkey	Mexico	Pakistan	December 31, 2021 Belgium	Germany	France	Italy
Discount rate - 0,25bp	(0.9)	(1.5)	(0.5)	(21.3)	(9.4)	(1.9)	(1.9)
Discount rate + 0.25bp	0.8	1.4	0.4	19.7	9.0	1.8	1.8
Salary increase - 0.25bp	(0.8)	(1.5)	(0.4)	(20.3)	(9.2)	(1.8)	(1.8)
Salary increase + 0.25bp	0.9	1.5	0.5	20.6	9.2	1.9	1.8

Post-Employment Benefits by Country

in € million	December 31, 2022 Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION				
Defined benefit obligation (DBO) at end of period	(16.5)	(6.5)	(1.6)	(1.6)
Fair value of plan assets at end of period	15.2	-	-	-
Funded status	(1.3)	(6.5)	(1.6)	(1.6)
Net (liability)/asset in statement of financial position	**(1.3)**	**(6.5)**	**(1.6)**	**(1.6)**

in € million	Turkey	Mexico	Pakistan	December 31, 2021 Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION							
Defined benefit obligation (DBO) at end of period	(0.6)	(1.5)	(0.4)	(19.2)	(8.3)	(1.8)	(1.8)
Fair value of plan assets at end of period	-	-	0.4	14.4	-	-	-
Funded status	(0.6)	(1.5)	(0.0)	(4.9)	(8.3)	(1.8)	(1.8)
Net (liability)/asset in statement of financial position	**(0.6)**	**(1.5)**	**(0.0)**	**(4.9)**	**(8.3)**	**(1.8)**	**(1.8)**

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7.19. DEFERRED TAXES AND CURRENT TAXES

7.19.1. Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

	December 31, 2022		December 31, 2021	
in € million	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	1.1	-	-	(0.9)
Property, plant and equipment	-	(45.4)	-	(40.7)
Leases	19.5	(14.9)	22.7	(19.8)
Inventories	2.8	-	1.7	-
Financial instruments	0.0	-	35.8	(36.6)
Employee benefits	3.1	-	5.8	-
Accrued expenses and other payables	3.9	-	8.9	-
Others	-	(0.1)	2.5	-
Tax losses	126.0	-	162.6	-
Tax credit	15.9	-	9.4	-
Deferred tax assets & liabilities - Gross	**172.4**	**(60.3)**	**249.3**	**(98.0)**
Net deferred tax assets not recognized	(121.2)	-	(154.1)	-
Offsetting	(39.0)	39.0	(75.5)	75.5
Deferred tax assets & liabilities - Net	**12.1**	**(21.3)**	**19.7**	**(22.5)**

Deferred tax assets are recognized on temporary differences, tax attributes carried forward and tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The tax losses carried forward mainly relate to France, Belgium and Spain. In Belgium and France, deferred tax assets have been recognized on tax losses carried forward considering the expected taxable profits in the foreseeable future.

The Group did not recognize deferred tax assets for an amount of €121.2 million (2021: €154.1 million) on the tax losses carried forward. Tax losses can in principle be carried forward indefinitely.

The Group did not recognize deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends within the Group.

7.19.2. Current taxes

in € million	December 31, 2022	December 31, 2021
Current tax assets	5.0	15.0
Current tax liabilities	(23.0)	(31.8)

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include an amount of €14.8 million actual corporate taxes payable (2021: €19.5 million) and €8.2 million of provision for uncertain taxes (2021: €12.3 million).

7.20. CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

in € million	December 31, 2022	December 31, 2021
Accrued expenses and other payables	22.6	39.0
Current accrued expenses and other payables	**22.6**	**39.0**
Trade payables	405.3	532.6
Employee benefit liabilities	40.4	46.2
Total current liabilities	**468.3**	**617.8**

7.21. PROVISIONS

in € million	Legal claims	Restructuring	Other	Total
Opening Balance	**7.9**	**24.5**	**0.2**	**32.6**
Additional provisions	0.2	0.5	0.0	0.7
Unused amounts reversed	(0.1)	(1.2)	-	(1.3)
Used during the year	(0.1)	(22.6)	(0.1)	(22.9)
Reclassified as held for sale	(1.1)	(0.1)	-	(1.2)
As at December 31, 2022	**6.8**	**1.1**	**0.1**	**8.0**
Of which current	*6.8*	*1.1*	*0.1*	*8.0*

The restructuring provisions used in 2022 was recognized in 2021 and related to the strategic review of the geographical footprint, launched at year-end 2020 and confirmed in 2021. The provision mainly included termination benefits.

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision it has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, Ontex was fined €5.2 million. Ontex initiated an appeal against the decision and this appeal was rejected by judgement of September 2022. Ontex has filed a subsequent request demanding correction of the judgement that rejected Ontex's appeal and will consider further steps once the request has been processed. As per December 31, 2016, a provision amounting to €5.2 million has been accounted for. The provision has not been adjusted per December 31, 2022.

7.22. EMPLOYEE BENEFIT EXPENSES

	Full Year	
in € million	**2022**	**2021***
Wages and salaries	(193.7)	(185.8)
Social security costs	(44.8)	(45.7)
Defined benefit plans - Service cost	(2.2)	(2.4)
Defined contribution costs	(4.1)	(4.9)
Other employee benefit expenses	(40.8)	(33.3)
Total employee benefit expenses	**(285.6)**	**(272.2)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €81.1 million.

The FTEs listed in the table below only contains the employees part of the continuing operations and therefore deviates significantly from the number of employees included in section 1.2.

In Full-Time Equivalents	2022	2021*
Average number of total employees	**5,351**	**5,370**
Of which:		
- workers	3,323	3,486
- employees	1,966	1,824
- management	62	59

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of 3.974 average number of total employees.

7.23. OTHER OPERATING INCOME/(EXPENSES), NET

	Full Year	
in € million	**2022**	**2021***
Foreign exchange differences on operating activities	8.5	(1.9)
Losses on sale of assets	(0.6)	(0.0)
Other income/(expenses)	(2.8)	(5.0)
Total other operating income/(expense), net	**5.1**	**(7.0)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having a negative impact of €1.4 million.

“Other income/(expenses)” consists mainly of depreciation expenses on idle equipment and machinery and pension expenses.

7.24. EBITDA ADJUSTMENTS

	Full Year	
in € million	**2022**	**2021***
Business restructuring	(10.8)	(33.0)
Acquisition and disposal of businesses	(0.3)	(1.1)
Refinancing	-	(0.1)
Income and expenses related to changes to Group structure	**(11.2)**	**(34.2)**
Impairment of assets	(91.0)	(23.5)
Litigation and legal claims	(0.2)	(3.2)
Other	(0.6)	1.2
Income and expenses related to impairments and major litigations	**(91.8)**	**(25.5)**
Total EBITDA adjustments	**(103.0)**	**(59.7)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €25.1 million

Items classified under the heading EBITDA adjustments are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

These items are presented as follows in the consolidated income statement as follows:

- income and expenses related to changes to Group structure; and
- income and expenses related to impairments and major litigations.

7.24.1. Income and expenses related to changes to Group structure

Restructuring

In 2021, the cost relates to the restructuring expenses in the context of the redistribution/re-allocation of production capabilities and the strategic review of the geographical footprint of the Group. As such, the Company decided to downsize some production capacity which has been announced to the relevant stakeholders and incurred costs for a total amount of €26.4 million in 2021, of which €23.8 million was recognized as a restructuring provision during 2021. Costs related to this exercise amounted to €5.4 million in 2022.

The Group announced in the fourth quarter of 2020 an in-depth review of the Group's overhead cost structure. The costs incurred in 2021 amount to €7.5 million.

The difference with the figures included in the annual report of 2021 is explained by the part related to the Emerging Markets.

7.24.2. Income and expenses related to impairments and major litigations

Impairment of assets

In 2022, the impairment losses mainly include the impairment of goodwill related to the Russian business (€84.1 million) and also some impairment losses on idle machinery.

In 2021, the impairment losses mainly include the impairment losses on idle machinery.

Litigation and claims

The Company incurred specific legal fees in the context of certain on-going or potential litigation matters which are expected to result in a potential benefit for the Company or in the avoidance of potential future expenses.

7.25. EXPENSES BY NATURE

Expenses by nature represent an alternative disclosure for amounts included in the consolidated income statement. There are classified under ‘Cost of sales’, ‘Distribution expenses’, ‘Sales and marketing expenses’, ‘General administrative expenses’ and ‘Other operating income / expense (net)’ in respect of the years ended December 31:

		Full Year	
in € million	**Note**	**2022**	**2021***
Changes in inventories		2.8	(2.8)
Raw materials and consumables purchased		(1,048.1)	(777.0)
Employee benefit expenses	22	(285.6)	(272.2)
Depreciation and amortization	9, 10, 11	(70.4)	(65.7)
Rendered services		(223.9)	(178.5)
Lease expenses	11	(18.5)	(15.0)
Other income / (expenses)	23	5.1	(7.0)
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income / (expense)		**(1,638.6)**	**(1,318.1)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €623.7 million.

7.26. NET FINANCE COST

The various items comprising the net finance cost are as follows:

	Full Year	
in € million	**2022**	**2021***
Interest income on current assets	0.8	0.6
Other	0.0	(0.0)
Finance income	**0.8**	**0.6**
Interest expense on group borrowings	(30.6)	(21.7)
Amortization of borrowing expenses	(2.7)	(7.1)
Interest expense on other borrowings and other liabilities	(8.4)	(6.0)
Interest expense	***(41.7)***	***(34.7)***
Banking cost	(1.1)	(1.3)
Factor fee	(1.1)	(1.2)
Losses on derivatives and deports forward contracts	(3.2)	(0.3)
Other	(2.3)	(2.1)
Finance cost	**(49.3)**	**(39.6)**
Finance income as per income statement	0.8	0.6
Finance expense as per income statement	(49.3)	(39.6)
Net exchange differences relating to financing activities	(2.4)	(2.5)
Net finance cost as per income statement	**(50.9)**	**(41.5)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €1.1 million

The interest expense on other borrowings and other liabilities includes also the interest expense on lease liabilities as disclosed in note 7.11.

7.27. INCOME TAX EXPENSE

The income tax (charged)/credited to the income statement during the year is as follows:

	Full Year	
in € million	**2022**	**2021***
Current tax (expense) / income	(16.3)	(12.4)
Deferred tax (expense) / income	(12.1)	3.5
Total income tax expense	**(28.4)**	**(8.9)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €9.1 million.

The income tax expense can be reconciled as follows:

	Full Year	
in € million	**2022**	**2021***
Profit/(loss) before income tax	**(120.3)**	**(10.6)**
Income tax expense calculated at domestic tax rates	27.1	2.6
Disallowed expenses	(2.6)	(4.1)
Tax-exempt income	1.0	1.3
Impairment of goodwill	(19.3)	-
Write-off of previously recognized deferred tax assets on losses	(12.0)	(10.1)
Current year tax losses not recognized as deferred tax asset	(23.4)	(1.4)
Recognition of previously unrecognized deferred tax assets on losses	1.6	0.4
Adjustments in respect of prior year	(1.5)	0.7
Difference in statutory tax rates	-	(0.2)
Exchange rate differences	-	0.1
Other	0.8	1.8
Total income tax expense	**(28.4)**	**(8.9)**

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €9.1 million.

7.28. SHARE-BASED PAYMENTS

Since September 2014 the Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options') and restricted stock units (further 'RSU's'). In 2019 the long-term incentive plan changed in a combination of RSU's, Options and Performance Stock Units (further 'PSU's'), each representing one third of the total long-term incentive grant value. The Options, RSU's and PSU's are accounted for as equity-settled share-based payments. The Options, RSU's and PSU's can only vest and Options giving the right to receive shares of the Company (further 'Shares') or any other rights to acquire Shares can only be exercisable as from three years after the grant. The RSU's, PSU's and Options will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions, except for PSU's. For the vesting of the PSU's, the Board has set targets for the next 3-year performance period in terms of specific targets (both finance and non-finance KPI's). The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

The exercise price of the Options will be equal to the last closing rating of the Share immediately preceding the option grant date. For the Options, the exercise period will start on the vesting date.

The Shares underlying the RSU's and PSU's will be granted for free as soon as practicable after the vesting date of the RSU's and the PSU's.

Upon vesting of RSU's and PSU's, the Shares underlying the RSU's and PSU's are transferred to the participants, while upon vesting, Options may be exercised until their expiry date (eight years from the date of grant).

On or about June 26, 2015, a total of 159,413stock options and 38,294 RSU's were granted, 37,339 options and 38,294 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2018 and June 2023.

On or about June 15, 2016, a total of 322,294 stock options and 75,227 RSU's were granted, 87,768 options and 75,227 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2019 and June 2024.

On or about May 10, 2017 a total of 299,914 stock options and 69,023 RSU's were granted, 76,529 options and 69,023 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2020 and June 2025.

On or about June 15, 2018, a total of 471,064 stock options and 93,576 RSU's were granted, 155,215 options and 93,576 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2021 and June 2026.

On or about June 13, 2019, a total of 393,403 stock options, 124,420 RSU's and 124,420 PSU's were granted. 166,048 options, 124,420 RSU's and 124,420 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2022 and June 2027.

On or about May 28, 2020, the Group granted an LTIP plan consisting of 374,622 stock options, 119,244 RSU's and 119,244 PSU's. 179,724 options, 67,143 RSU's and 57,496 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2023 and June 2028.

On or about May 27, 2021, the Group granted an LTIP plan consisting of 432,438 PSU's. 120,133 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The PSU's are exercisable between June 2024 and June 2029.

During the period, the Group granted a new LTIP plan consisting of 611,477 PSU's. 125,673 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The PSU's are exercisable between March 2025 and March 2030.

The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program (total return swap) for the share-based payment arrangements starting July 1, 2015 and renewed on an annual basis. This program was not renewed in 2022.

The following share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Weighted average Fair value (€)	# stock options/ RSU's/PSU's	# stock options/ RSU's/PSU's
LTIP 2015					
Options	2023	26.60	6.39	122,074	123,881
RSU's	2018	N/A	24.45	-	-
LTIP 2016					
Options	2024	28.44	6.64	234,526	252,489
RSU's	2019	N/A	26.48	-	-
LTIP 2017					
Options	2025	33.11	7.62	223,385	239,111
RSU's	2020	N/A	30.45	-	-
LTIP 2018					
Options	2026	23.56	4.68	315,849	359,352
RSU's	2021	N/A	21.35	-	-
LTIP 2019					
Options	2027	14.0	3.99	227,355	283,126
RSU's	2022	N/A	12.05	-	68,962
PSU's	2022	N/A	12.05	-	87,668
LTIP 2020					
Options	2028	13.9	3.13	194,898	241,981
RSU's	2023	N/A	11.86	52,101	63,017
PSU's	2023	N/A	11.86	61,748	72,673
LTIP 2021					
PSU's	2024	N/A	10.37	312,305	393,081
LTIP 2022					
PSU's	2025	N/A	7.30	485,804	-
Total outstanding stock options				**1,318,087**	**1,656,616**
Total outstanding RSU's				**52,101**	**131,979**
Total outstanding PSU's				**859,857**	**553,422**

The following reconciles the options and RSU's outstanding at the beginning and end of the year:

	Average exercise price per stock option (€)[1]	Stock options	RSU's	PSU's
As at January 1, 2021	**29.76**	**1,662,616**	**247,862**	**173,822**
Granted	-	-	-	432,438
Forfeited	14.08	(6,000)	(13,891)	(52,838)
Exercised	-	-	(101,992)	-
As at December 31, 2021	**22.33**	**1,656,616**	**131,979**	**553,422**
Granted	-	-	-	611,477
Forfeited	18.73	(338,529)	(16,738)	(305,042)
Exercised	-	-	(63,140)	-
As at December 31, 2022	**23.25**	**1,318,087**	**52,101**	**859,857**
of which vested and exercisable	*-*	*1,123,189*	*-*	*-*

[1] The average exercise price mentioned in the table above relates only to the stock options, as the RSU's and PSU's do not have an exercise price.

The fair value of the stock options has been determined based on the Black&Scholes model. The expected volatility used in the model is based on the historical volatility of the Company.

Below is an overview of all the parameters used in this model:

	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022
Exercise Price (€)	26.60	28.44	33.11	23.56	14.00	13.90	-	-
Expected volatility of the shares (%)	26.32%	26.56%	27.12%	25.63%	37.98%	31.90%	43.12%	39.01%
Expected dividends yield (%)	2.14%	1.98%	2.31%	2.70%	3.82%	4.00%	3.00%	4.10%
Risk free interest rate (%)	1.02%	0.37%	0.60%	0.69%	0.10%	-0.18%	0.00%	0.00%

The fair value of the RSU's and PSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above.

The total cost incurred regarding the existing share-based payment plans amounted to €1.1 million during 2022 and was included within employee benefit expenses. Social charges related to the LTIP are accrued for over the vesting period.

7.29. CONTINGENCIES

The Group is involved in a number of environmental, contractual, product liability, intellectual property, employment and other claims and disputes incidental to our business.

COFECE, the Mexican antitrust authority, conducted an investigation into our industry and confirmed Mabe and certain individuals committed antitrust violations on periods prior to the acquisition of Grupo PI Mabe, S.A. de C.V. ("Mabe") by Ontex; such decision is being appealed on grounds of unconstitutionality of the fines imposed. Based on the confirmed findings of the investigation (all related to pre-Ontex acquisition of Mabe) and in light of the contractual terms of the Mabe acquisition, the Group does not expect this to result in a net financial cost to it.

State Sales Tax (ICMS), the State of Goias issued a decree determining Falcon Distribuição Armazenamento e Transportes S/A (Falcon) to pay a contribution to the Social Protection Fund of the State of Goias (PROTEGE). Falcon received a tax assessment, but filed a lawsuit against the Treasury office of the State of Goias and is currently awaiting the judgement by the court. The Group believes that there are good arguments to defend the case and as such the Group does not believe a loss is probable.

The Group currently believes that the disposition of the claims and disputes, individually or in aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

7.30. COMMITMENTS

7.30.1. Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2022 of €21.6 million (2021: €18.9 million). The amount of 2021 has been adjusted to only reflect the continuing operations.

7.30.2. Bank guarantees

As indicated in note 7.17 'Interest-bearing debts', no assets are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of €19.5 million in order to participate in public tenders as at December 31, 2022 (2021: €18.7 million).

7.31. RELATED PARTY TRANSACTIONS

As part of our business, Ontex has entered into several transactions with related parties.

7.31.1. Consolidated companies

A list of subsidiaries is given in note 7.7 'List of consolidated companies'.

7.31.2. Relations with the shareholders

There are no transactions with shareholders per December 31, 2022 (nor in 2021).

7.31.3. Relations with non-executive members of the Board of Directors

	Full Year	
in € million	**2022**	**2021**
Remuneration	1.6	1.4

7.31.4. Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management for the Group are all the members of Management Committee.

7.31.5. Key management compensation

Remuneration of the CEO	Full Year	
in € million	**2022**	**2021**
Fixed and variable remuneration	2.0	1.6

Remuneration of the Executive Team (excluding the CEO)	Full Year	
in € million	**2022**	**2021**
Fixed remuneration	3.0	4.5
Variable remuneration	1.3	1.5
Other remuneration	0.6	0.6
Total	**4.9**	**6.6**

The other remuneration relates mainly to post-employment benefit plans. For a more detailed breakdown, see the Remuneration report.

The Company implemented Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options, restricted stock units and performance stock units (see note 7.28).

The number of stock options, restricted stock units and performance stock units granted to the CEO and the Executive Management Team is summarized below:

For the year ended December 31, 2022	Number of RSU's	Number of PSU's	Number of Stock Options
LTIP 2018			
CEO	14,921	-	75,114
Executive Team (excluding CEO)	47,478	-	239,016
LTIP 2019			
CEO	18,414	18,414	64,610
Executive Team (excluding CEO)	53,376	53,376	171,928
LTIP 2020			
CEO	19,891	19,891	88,333
Executive Team (excluding CEO)	56,265	56,265	249,870
LTIP 2021			
CEO	-	94,954	-
Executive Team (excluding CEO)	-	229,572	-
LTIP 2022			
CEO	-	149,891	-
Executive Team (excluding CEO)	-	213,070	-

7.32. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the end of the reporting period.

7.33. AUDIT FEES

	Full Year	
in € thousands	**2022**	**2021**
Audit Fees	1,464.2	1,165.0
Additional Services rendered by the auditor's mandate:		
Audit related fees	192.5	363.7
Tax advisory & compliance services	45.2	30.0
Total	**1,701.9**	**1,558.7**

The fees in the above table concern the audit fees for the full Group and not only the continuing operations.

8. SUMMARY STATUTORY FINANCIAL STATEMENTS

8.1. STATUTORY BALANCE SHEET AFTER APPROPRIATION

in € million	2022	2021
ASSETS	**3,031.3**	**3,225.0**
FIXED ASSETS	**2,699.5**	**2,824.1**
Formation expenses	-	0.1
Intangible assets	14.3	15.7
Tangible assets	0.6	0.9
Financial fixed assets	2,684.6	2,807.5
Participating interests	1,687.1	1,908.0
Amounts receivable	997.4	899.4
Other financial fixed assets	0.1	0.1
CURRENT ASSETS	**331.8**	**400.9**
Amounts receivable within one year	183.8	221.6
Treasury shares	7.9	9.7
Cash at bank and in hand	110.0	153.2
Deferred charges and accrued income	30.2	16.4

in € million	2022	2021
EQUITY AND LIABILITIES	**3,031.3**	**3,225.0**
EQUITY	**1,659.0**	**1,904.0**
Capital	823.6	823.6
Share premium	412.7	412.7
Reserves	265.6	267.3
Accumulated profits/(losses)	157.2	400.4
PROVISIONS AND DEFERRED TAXES	**6.1**	**5.0**
AMOUNTS PAYABLE	**1,366.2**	**1,316.0**
Amounts payable after more than one year	800.0	830.0
Financial debt	800.0	830.0
Amounts payable within one year	555.1	475.2
Financial debt	307.1	173.0
Trade debts	14.9	11.5
Taxes, remunerations and social security	3.6	3.4
Other amounts payable	229.5	287.3
Accruals and deferred income	11.1	10.9

8.2. STATUTORY INCOME STATEMENT

in € million	2022	2021
Operating income	24.6	45.6
Operating charges	(61.9)	(64.5)
Operating loss	**(37.3)**	**(18.9)**
Financial result	(205.7)	(0.8)
Profit/(loss) for the period before taxes	**(243.0)**	**(19.7)**
Income taxes	(2.0)	(0.1)
Profit/(loss) for the period	**(245.0)**	**(19.7)**

8.3. EXTRACT FROM ONTEX GROUP NV SEPARATE (NON-CONSOLIDATED) FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH BELGIAN GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Ontex Group NV and is included as required by article 3:17 of the Belgian Company Code. The separate financial statements, together with the annual report of the Board of Directors and the auditors' report to the general assembly of shareholders, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Ontex Group NV, Korte Keppestraat 21, 9320 Aalst (Erembodegem).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ontex Group NV prepared in accordance with Belgian GAAP for the year ended December 31, 2022 (full financial year) give a true and fair view of the financial position and results of Ontex Group NV in accordance with the legal and regulatory dispositions applicable in Belgium.

Sustainability/ Non-Financial Statements

Sustainability/ Non-Financial Statements

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1. Reporting basics

1.1. REPORTING FRAMEWORKS

The main reporting frameworks used to prepare the Annual Integrated Report are: ·

- Global Reporting Initiative (GRI): the GRI standards are the main reference for Ontex's sustainability reporting. Both 2016 and 2021 GRI Standards were used for this report. We report in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
  The Board of Directors is responsible for reviewing and approving the reported information, including our material topics.
- United Nations Sustainable Development Goals (SDGs): Ontex has identified the 6 Sustainable Development Goals on which it can have the most impact, through its operations or across the value chain, in line with the materiality analysis.
- EU Taxonomy: a taxonomy statement is added in this report as defined by the EU Taxonomy in the delegated act of April 2021

1.2. REPORTING PERIOD, FREQUENCY & CONTACT POINT

The reporting period runs from the first of January 2022 to the 31th of December 2022. The annual publication of sustainability information happens at the same time as our financial reporting.

The publication date of this report is April 4, 2023

For questions about the reported sustainability information, please reach out to:
Elise Barbé
Elise.barbe@ontexglobal.com or corporate.communications@ontexglobal.com

1.3. REPORTING SCOPE & BOUNDARIES

Unless stated otherwise, the environmental and social reporting boundaries are consistent with the financial reporting scope and boundaries, as described in the "List of companies included in the consolidation scope" in the financial statements.

Unless stated otherwise, past years are not restated for sustainability indicators. The reporting scope includes all material aspects, as identified in Ontex's materiality analysis. Some additional disclosures have been included because they are requested by specific groups of stakeholders, such as water data.

1.4. EXTERNAL ASSURANCE

Enhancing the quality of our reporting and striving for transparency on our sustainability information, we broadened the scope of external assurance of our sustainability data now including climate and waste information. The aim is to further extend the scope of assurance in the coming years to ensure compliance towards the Corporate Sustainability Reporting Directive. Please find our assurance report in section 9 Independent Limited Assurance Report of the Sustainability section of this annual report.

1.5. MATERIALITY ANALYSIS

In 2021, we conducted a materiality assessment. The assessment identified environmental, social & economic topics which can impact Ontex, or on which Ontex has the most impact, positive or negative. We use the Global Reporting Initiative (GRI) as external references for setting up the materiality process.

1.5.1. Process of materiality analysis

Step 1: Identification of relevant topics

We conducted a desktop research to create a longlist of relevant sustainability topics. To do this, we compared the materiality matrices of our customers, suppliers & competitors, analyzed investor questionnaires and trend reports, and created an overview of upcoming relevant legislation. The result was a longlist of 26 potential important topics.

Step 2: Prioritization of topics

An online stakeholder survey was launched to prioritize the material topics. 299 People from the following stakeholder groups participated: customers, employees, suppliers, non-governmental organizations, academics, industry associations and consultants.
The topics were ranked according to their perceived impact on the Ontex's business success & the impact Ontex has on the external world. The 26 potential material topics were ranked and, where relevant, clustered resulting in 18 topics to focus on.

The internal experts for each material topic & Group Sustainability Department were involved in the prioritization analysis.

Step 3: Validation of topics

The materiality outcome was reviewed & approved by the Management Committee. This review included verification of the consistency with the analysis of the Enterprise Risk Assessment.

Step 4: Review and follow up

Progress was communicated externally annually as part of the annual report. Internally, a sustainability governance structure ensures integration of the material topics in our sustainability strategy. A materiality analysis is conducted every two years. The next one will take place in 2023.

1.5.2. Our material topics

KEY: Moderate Significant Major

VALUE CHAIN

Nr in Matrix	Materiality	Definition	Forestry cotton agriculture	Suppliers	Ontex	Customers retailers	Consumers
Circular solutions							
1	Circular economy	Circular economy model: 3Rs and responsible waste management	Major	Major	Major	Major	Major
9	Sustainable products	Reducing the carbon intensity of our products and promotion of sustainable innovations	Moderate	Major	Major	Major	Significant
13	Sustainable packaging & packaging reduction	Reducing the environmental impact of packaging	Significant	Major	Major	Major	Significant
Climate action							
2	Climate change	Reducing GHG emissions (scope 1-2-3), and mitigating the effects of long-term changes in the Earth's climate and its physical impacts on business operations, communities, and the natural environment. Advocacy and partnerships with others to reduce climate change impacts.	Major	Major	Major	Major	Major
21	Energy	Energy production and consumption optimization and management of energy transition	Moderate	Significant	Major	Moderate	Moderate
25	Transport & logistics	Optimizing transportation to reduce the environmental impact by loading full carriers, using multi-modal transport, setting maximum emission norms and decrease volume by efficient packaging with an optimised number of DCs	Major	Major	Major	Major	Moderate
	Eco-efficiency & EMS	Eco-efficiency & EMS	Major	Major	Major	Significant	Moderate

Sustainable supply chain							
3	Responsible supply chain	Promoting responsibility in the value chain and ensuring its traceability	○	◐	●	◐	○
4	Product safety & quality	Ensuring the safety and quality of products and components used within them	◐	●	●	●	●
5	Transparency	Increase of consumer awareness and satisfaction via transparency and responsible marketing	◐	◐	●	●	●
6	Nature & biodiversity	Minimization of impact on nature and biodiversity	●	●	○	○	●
11	Water	Improving access to water and managing water use and extraction sustainably across the value chain	◐	◐	○	○	○
17	Human rights	Upholding and promoting the basic rights and freedoms of all those who work across the value chain.	●	●	○	●	○
Building trust							
7	H&S	Occupational safety and health management of employees and contractors	○	○	●	○	○
8	Business ethics & compliance	Alignment to ethics and regulatory frameworks, fairness towards competitors and suppliers	◐	◐	●	◐	○
10	Diversity & equality	Non-discrimination and diversity management in operations and management structures	○	◐	●	○	○
12	Addressing societal issues	Addressing societal issues such as menstruation, incontinence,... in our promotional activities and providing access to affordable hygiene products	○	○	●	◐	●
16	Fair remuneration & employer branding	Fair compensation to employees and appeal as a responsible employer	○	○	◐	○	○

Table: materiality topics across our value chain

1.5.3. Materiality matrix

The topics identified were placed on a matrix (see below), their position relative to the degree of stakeholder interest and potential business impact.

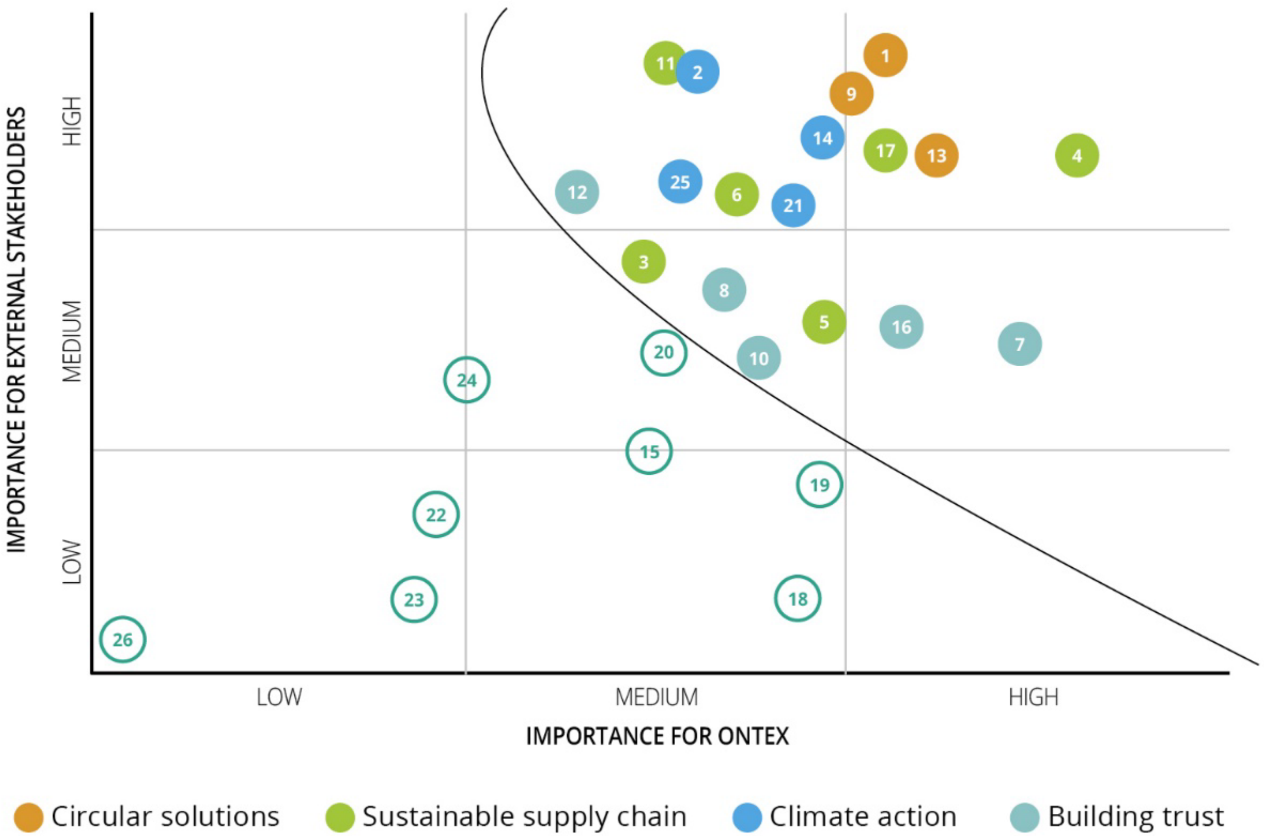

Figure 1: Materiality matrix

1.5.4. Understanding the result of materiality

Gradation of topics

- Topics above the line: for these topics, Ontex has a large direct or indirect impact.
- Topics below the line: for these topics, Ontex has less influence or stakeholders perceive the topic as less relevant. Ontex is addressing all the material topics identified, but focuses on the material topics above the line.

Interdependence of topics

Key topics do not exist independently, but are interrelated. For example:

- There is a high degree of interconnectedness among the various material topics. Responsible supply chain is in the middle of the matrix, but it is closely linked to climate change, which is one of the most important topics for external stakeholders. Similarly, human rights are still in the top quadrant of the matrix in 2021. They also depend heavily on business ethics and compliance, which are further down the matrix.
- Thus, a material topic cannot be addressed in isolation. Examining the interdependence of these issues helps us identify the necessary system-wide actions we need to take to make progress on our 2030 Sustainability Strategy.

Link with the Ontex sustainability strategy 2030

The materiality analysis serves as the basis for our Ontex sustainability strategy. The different material topics have been color-coded to link them with the relevant section in our sustainability strategy:

- Orange: Circular solutions pillar
- Green: Sustainable supply chain
- Blue: Climate action
- Light blue: Building trust
- Transparent: Topics which didn’t end up the priority list but were part of the 26 identified topics.

Material issues across the value chain

By conducting our materiality analysis, we can identify and respond to the needs of all stakeholders. Some of the material issues can be addressed directly by us, while others require the involvement of various stakeholders in our value chain. We assess the material topics to understand where the main impact occurs. The table with material topics shows us that we need the support of the entire value chain on a number of material issues, such as climate change, circular economy and product safety and quality. On other issues, such as water, we may have little direct influence because the impacts occur elsewhere in the value chain.

Changes compared with previous year

As the materiality assessment is conducted every two years, no changes have been made versus last reporting. The next materiality analysis will be conducted in 2023, according to the double materiality principle of the Corporate Sustainability Reporting Directive.

Material topics and the Sustainable Development Goals (SDGs)

We regularly conduct a comprehensive mapping exercise to evaluate our material topics against all 17 U.N. Sustainable Development Goals (SDGs). For Ontex, the prioritized SDGs are:

SDG	
1 No poverty	At Ontex, we manufacture high- quality products and solutions for baby care, feminine hygiene and adult incontinence care. We ensure access to affordable solutions that help our customers live healthy and dignified lives. We strive for creating jobs and providing fair wages and benefits in the markets where we operate. We strive for solid social accountability in our supply chain ensuring living wages & social compliance.
3 Good health and well-being	Consumers are increasingly concerned about the safety of the products they use; the impact they could have on their baby's health or, in the case of feminine hygiene products, on their own health and well-being. By providing good and safe working conditions, creating a positive work-life balance and being a company that makes the most of our employees' diverse talents, skills and personalities, we recognize our employees' contribution to our success. We strive for zero accidents.
5 Gender equality	We aim to achieve gender parity in leadership and play an active role in development and career advancement of women.
12 Responsible consumption and production	Global economic growth is enabling more and more people to have the opportunity for a better life. But individual prosperity increases demand on already limited natural resources. We are moving from a traditional, linear take-use-waste model to a circular business model that maximizes the use and reuse of resources, driven by innovation. We strive for transparency with our consumers through eco or health labels.
13 Climate action	As a company and as people, we understand the need to address global warming with increased urgency. Our strategy commits us to reduce our Scope 1-2 emissions by 80% by 2030 (BY2020) and Scope 3 emissions by 25% by 2030 (BY2020), with the ambition to have carbon neutral operations by 2030.
15 Life on land	We use various raw materials derived from wood, such as pulp, viscose, cardboard in our products and packaging. We are aware of the serious consequences of deforestation and forest degradation and do not want to contribute to these problems. Therefore, we source agricultural and forestry materials (pulp, airlaid and viscose) only from FSC® and PEFC[1] certified suppliers (remove after ‘and’)

1 PEFC (PEFC/07-32-261)/FSC® (FSC-C081844)

1.6. STAKEHOLDER ENGAGEMENT

We are a publicly listed company. Many parties have an interest in the way in which we conduct our business and that's why stakeholder engagement touches everything that we do. As Ontex teams are part of the communities in which they work, most of our efforts focus on local aspects, those that are close to our plants, offices and the communities for which we provide essential personal hygiene solutions. We realize that the relationships that we establish and nurture with stakeholders have a direct impact on our success. All our sites are required to identify their respective stakeholders and establish the best ways of engaging with them.

Stakeholder group	How we engage	Key topics of concern	Our response
Customers	▪ Monitoring product sales ▪ Contact through our sales team ▪ Regular customer visits ▪ Joint business planning ▪ Surveys and research	▪ Product quality/safety ▪ Product composition ▪ Carbon footprint ▪ Smart, innovative solutions ▪ Eco-labeling ▪ Sourcing ▪ Innovation ▪ Working conditions ▪ Human rights ▪ Consumer insights ▪ Single-use plastics ▪ Evolving regulations	▪ Sustainable manufacture/production ▪ Offering more eco-labeled products ▪ Ensuring safe and healthy working conditions ▪ Responsible and documented sourcing ▪ Sustainable innovation ▪ Ethical operations ▪ Training for our institutional customers ▪ Strengthen Product Stewardship
Consumers	▪ Consumer panels and focus groups ▪ Social media networks ▪ Monitoring product sales ▪ Surveys and research	▪ Product quality & safety ▪ Environmental impact of our products ▪ Product labeling ▪ Innovation ▪ Service	▪ Ensuring consumer health and safety ▪ Reducing the environmental impact of our products ▪ Offering more eco-labeled products ▪ Sustainable innovation ▪ Customized products addressing local needs
Employees	▪ Recruitment ▪ Personal development reviews ▪ Surveys ▪ Union/worker representative meetings ▪ Internal and external audits ▪ Internal communication via intranet, staff updates, newsletter ▪ Community and employee well-being projects ▪ 'Speak Up' line ▪ Social media & website	▪ Health & Safety ▪ Working conditions & remuneration ▪ Equal opportunities ▪ Business ethics ▪ Leadership ▪ Personal development	▪ Ensuring safe and healthy working conditions ▪ Ensuring business ethics ▪ Supporting diversity and equal opportunities ▪ Training and education ▪ Graduate program ▪ Internal mobility ▪ Talent development ▪ Leadership competency model ▪ Personal Growth Plan ▪ Third-party social audits
Investors	▪ Ongoing dialogue with investors/ analysts ▪ Investor presentations/meetings ▪ Annual General Meeting ▪ Quarterly earnings reports and webcasts ▪ PR ▪ ESG indices and information requests	▪ Governance ▪ Business ethics ▪ Risk management ▪ Environment/carbon footprint	▪ Clear and transparent governance framework & sustainability strategy ▪ Business ethics ▪ Responding to ESG indices to enhance transparency ▪ Publishing a yearly integrated report including ESG data

Stakeholder group	How we engage	Key topics of concern	Our response
Suppliers	▪ Visits and meetings ▪ Supplier conferences ▪ Procurement ▪ Supplier tracker	▪ Raw material sourcing ▪ Business ethics/human rights ▪ Management systems ▪ Quality ▪ Innovation ▪ Material safety ▪ Evolving regulations	▪ Purchase all agriculture and forestry material from ▪ certified suppliers ▪ Suppliers audits ▪ Supplier Code of Conduct ▪ Requirements and documentation on material safety & quality
Communities and non-governmental organizations	▪ On-going dialogue ▪ Partnerships on common issues ▪ Memberships of business and industry associations ▪ Charitable activities ▪ Information requests from academics and students ▪ Corporate website	▪ Human rights ▪ Environment ▪ End-of-life waste ▪ Consumer health and safety ▪ Local community involvement ▪ Medical face mask production to meet urgent need	▪ Affordable personal hygiene solutions ▪ Ensuring consumer health and safety ▪ Research ▪ Chemicals/quality protocols/policies ▪ Donations

1.7. MEMBERSHIPS & ASSOCIATIONS

- Industry associations: EDANA, Group Hygiène, BAHP, Aphma
- Sustainable supply chain: FSC, PEFC, GOTS, OCS, BSCI, SMETA, REDcert[2]
- Sustainability networks: The Shift
- Climate action: Belgian Alliance against Climate Action (BACA)

2. Sustainability governance

2.1. THE ONTEX SUSTAINABILITY STRATEGY 2030

The Ontex sustainability strategy 2030 was updated in 2021. It is our roadmap to a sustainable future that provides shared value for all. It is structured around the four major impact categories: climate, circular, sustainable supply chain and building trust. Each of them is embedded in one or more Sustainable Development Goals (SDGs).

It sets out the following main targets to be achieved by 2030[2]:

Climate action[3]

- -80% scope 1–2 emissions (SBT)
- 100% renewable electricity (SBT)
- Offsetting scope 1–2 emissions as of 2030
- -25% scope 3 emissions (SBT)

SBT = Validated Science-based Target

Sustainable supply chain

- Improving the sustainability performance of our supply chain
- Ensure sustainable origin of our renewable materials
- Product safety & transparency – 100% Chemical Footprint by 2030

Circular solutions

- 100% sustainable packaging by 2025[4]
- Advance sustainable products
- Pilot end-of-life solutions
- Zero production waste to landfill by 2025

Building trust

- Zero occupational accidents
- Achieve gender parity in leadership

2 Unless mentioned differently
3 Base year: 2020
4 100% of our packaging is technically recyclable. We are committed to increasing the proportion of renewable and recycled plastic in our plastic packaging by 2025. All cardboard packaging will have 100% recycled content by 2025.

2.2. ORGANIZATION

Sustainability has long been integrated into all of Ontex's functions and at all levels of operations.

Our Sustainability strategy 2030 outlines our ambitions and commitments, creating a common agenda for all Ontex units, leading together towards 2030. It provides a focus and roadmap for everyone within Ontex. Each part of our business has the freedom to set its own goals and targets to contribute to this strategy. This gives room for locally tailored and relevant implementation. Our Sustainability strategy 2030 is deployed throughout the Group and anchored in the different departments.

The Board of Directors	The Executive Management Committee (EMC)	The Group sustainability team	Steering committees	Sustainability roles within other parts of the business
o The Board oversees and approves the Ontex sustainable development commitments & monitors progress through the Audit & Risk Committee.	o Determines strategy and approves targets o It monitors the implementation of the sustainability strategy 2030 o The sustainability responsible, Annick De Poorter (Executive Vice-President R&D, Quality & Sustainability), ensures the integration of sustainability into the management agenda.	o Defines and deploys the Ontex sustainability strategy 2030 o Monitors progress and presents the result to the EMC & Board o The team works closely together with other departments to embed sustainability in the organization o Report on a monthly base to the Board	o Climate steering committee: Oversees the performance against our climate targets, scope 1-2-3 and steers the development, challenges and approves the climate roadmaps. o Circular steering committee: Follows up on our circular ambitions, roadmaps, projects.	• Implement and/or contribute to one or more objectives of the sustainability strategy 2030

2.3. SUMMARY OF THE DIFFERENT COMPONENTS OF ONTEX'S SUSTAINABILITY GOVERNANCE

Our standards and policies form the basis for turning our strategy into action and making our vision a reality. Many of our internal standards and policies are based upon international frameworks.

	Climate action	Circular solutions	Building trust	Sustainable supply chain
Policies, guidelines or statements			▪ Code of ethics: > ▪ Human rights policy: > ▪ Speak Up policy/line: > ▪ Diversity policy: >	▪ Supplier code of conduct: > ▪ Ethical sourcing policy: > ▪ Modern slavery statement: > ▪ Sustainable sourcing policy for renewable raw materials: > ▪ Animal testing statement: >
	Sustainability policy: >			
Management systems & certifications	ISO50001: >	ISO14001: >	▪ BSCI & SMETA ▪ ISO45001	BSCI & SMETA
External charters or initiatives	Greenhouse Gas Protocol	LCA based on ISO14040		▪ FSC: > ▪ PEFC: > ▪ GOTS: > ▪ OCS: > ▪ REDcert[2]: >
			▪ UN Universal Declaration of Human Rights ▪ ILO Declaration on Fundamental Principles and Rights at Work ▪ UN Guiding Principles on Business and Human Rights	
	UNSDGs https://ontex.com/sustainability/sustainability-strategy/			

Table: Summary of the different components of Ontex sustainability governance

2.3.1. Commitments & policies

Ontex Code of Ethics

Ontex's Code of Ethics (COE) is the foundation of who we are and how we do business. The tone from our CEO and Executive Management Committee is clear and constant in that meeting objectives is as important as to how these are achieved.

Our COE is available at the Company's intranet site, delivered via handouts or posters around our sites and in our external website for employees, customers, suppliers and investors alike. Strict observance of our COE is expected by all employees and we extend compliance to our suppliers through our Supplier Code of Conduct, setting our expectations on business integrity, human rights, safety and health and environmental sustainability with our partners. Our expectations are to partner with suppliers who share our ethical, social and ecological standards.

Ontex's Code of Ethics covers the topics of Caring for People, Integrity in the Market Place, Ethics in our Business Activities and Safeguarding Company Assets.

Trainings, constant messaging from Management, clear delegation of authority policies plus support systems via clear mechanisms for reporting potential violations provide a strong compliance system guarded by a Compliance function with presence in every market via local compliance coordinators.

Supplier Code of Conduct

The Supplier Code of Conduct clarifies Ontex's requirements for raw material and packaging suppliers regarding: Business ethics, human rights, safety & health, environment & reporting concerns. It is aimed at all our suppliers and available on our website.

Human Rights Policy

Our Human Rights Policy, published on our website, sets out our commitment to respecting human rights and acting with due diligence to avoid any infringement of human rights or any adverse impact on or abuses of such rights. The policy emphasizes our commitments to our stakeholders, namely our employees and business partners, the communities and environment in which we operate, and children.

Ethical Sourcing Requirements

In addition, our Ethical Sourcing Requirements stipulate our requirements towards our suppliers towards social audits, as part of our human rights due diligence set up. It is used to assess, prevent and mitigate risks in our supply chain. This document is published on our website.

Animal testing

At Ontex we do not test our products on animals, unless this is specifically required by law and/or regulatory agencies. We also aim to limit animal testing as much as possible in our supply chain. For this reason, we have expanded our Conformity Declaration to determine whether any raw materials are still tested on animals and promote the use of fully validated alternative test methods when available. When such alternatives are not available or accepted, animal tests should only be conducted to the extent necessary. Our standards state that only animal testing facilities that comply with legal, ethical and professional standards for animal care and treatment can be used.

In 2022 6 animal tests were performed which were mandatory for US registration.

Overview of animal tests commissioned by Ontex

	2020	2021	2022
Animal tests commissioned by Ontex	0	0	6

Anti-Bribery and Anti-Corruption Commitments and Policy on Gifts & Hospitality

Ontex Code of Ethics includes specific sections on Anti-Bribery and Anti-Corruption. Mandatory trainings are given around the Ontex community which include face-to-face trainings in high risk countries. Further, contacts with authorities and other Government officials is limited to specific individuals who are mandated to involve the Legal or Compliance group in seeking counsel before any engagement is made and reducing risk. Finally, our agreements with Agents, Distributors and other service providers include sections on Anti-Bribery and Anti-Corruption.

Ontex has a comprehensive definition of what constitutes a bribe which includes any inducement or reward for action which is illegal, unethical, a breach of trust or improper in any way and that it can take the form of money, gifts, products, loans, fees, hospitality, services, discounts, the award of a contract or any other advantage or benefit.

Complementing our guidance to address risks on anti-bribery and corruption is a 2022 policy on Gifts and Hospitality which sets authorized maximum monetary values for meals, events and gifts.

Anti-competitive behavior commitments

Ontex ensures compliance with antitrust laws everywhere we do business at via mandatory trainings of our Code of Ethics which contains a detailed section on Integrity in the Marketplace and Fair Competition. Ad-hoc face-to-face trainings are also given to the Sales organization offering an open forum with employees that allows for proper understanding, ensuring compliance. Our participation at trade associations is very limited. In those cases we do participate, specific rules of engagement apply which include the involvement of the Legal and/or Compliance group.

2.3.2. Grievance mechanism

Definition

Grievances, as defined by the Global Reporting Initiative (GRI), is perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities. At Ontex this definition is applied to concerns, problems, complaints or another feedback related to our business, including environmental, social and governance topics. Typically, raised grievances relate to perceived violation of our values, policies and other sustainability obligations adopted by our company and included in our Code of Ethics.

Grievance mechanisms are processes established for dealing with grievances. At Ontex there are various channels to address grievances depending on the stakeholder group which raises them. Typically, there are four main stakeholder groups:

1. Internal stakeholders – Ontex employees
2. Clients, customers and consumers
3. Authorities, agencies, certification and accreditation bodies
4. Other external stakeholders, e.g. public at large.

Approach

Individuals are invited to report potential breaches to our Code of Ethics to managers, people of trust or using technology-driven mechanisms that allow for anonymous complaints to be sent, be duly registered and tracked up to a resolution. Each complaint is treated in a confidential basis and benefits from multi-functional resources to properly investigate and address potential breaches (in-house resources and, if needed, partnering with third parties -outside counsel and other specialists-).

General complaints and feedbacks of clients, customers and consumers concerning environment, social & governance matters are channeled via Ontex commercial community and registered via a special dedicated database. Ontex's speak-up line is also available for them to raise concerns via our Ontex.com page.

The grievances authorities, agencies, certification and accreditation bodies raise are typically non-conformities and corrective and preventive actions as part of certification audits and inspections. These get registered in specific trackers set up for both types.

Internal stakeholders – Ontex employees and other external stakeholders, for example, local communities are provided with an opportunity to outline their grievances via a so-called 'speak-up line' – either by phone or online. Additionally, there are various internal channels for flagging a concern for Ontex employees.

There is a separate process for each of these channels outlined in dedicated Ontex procedures. The common denominator is that all of them entail acknowledgement, investigation, implementation of actions to mitigate and prevent from occurrence and communication among involved stakeholders. The effectiveness of the grievance mechanisms is being evaluated during annual management reviews. These reviews also serve as a platform for reporting on the number of raised grievances and spotlighting the most critical ones.

Goals and performance

A total of 90 grievances via the Speak-Up line were received in year 2022 (versus 101 received in 2021). 56 of these were Code of Ethics-related while the rest were comments, questions or complaints not related to our Code of Ethics. After following the investigation process, 27 of these were substantiated, 26 unsubstantiated and three cases remain open.

The most common Code-violations (25) were related to the professional conduct expected in the workplace. The 2023 Action Plan includes communication and training on this specific section of our Code of Ethics to ensure proper observance by all colleagues.

27 ESG Grievances linked to environmental & social topics were raised in 2022. For each of these grievances an action plan is developed.

2.3.3. Training and communication

Communication and training in Ontex Code of Ethics

Trainings are given using technology (web-based) but also are imparted on an ad-hoc basis, focusing on the different departments in order to address specific risks each internal stakeholder may represent: General Managers and the Sales Organization are given face-to-face trainings which allow for discussion of the Integrity in the Marketplace and Fair Competition sections of our Code of Ethics; individuals participating at any particular project that may include interactions with third parties (e.g. Government Officials or a divestiture) also receive ad-hoc and individual trainings, complemented by written hand-outs and materials.

Finally, communications via “Compliance Capsules” and messaging on compliance is given frequently.

Training in Human rights

We conduct third-party social audits in our plants as part of our human rights due diligence set up. In 2022, an online training was organized for the targeted plants.

3. Product safety

Consumer articles must not endanger human health and therefore must be safe as laid down in the legally binding European Directive on General Product Safety and the US Consumer Product Safety Act. Besides these legal obligations for Consumer articles also non-legal requirements have to be followed or need to be considered when originating from the safety perception expressed in public opinion.

As a convertor, we don't make any chemical changes to the incoming raw materials. Therefore, it is a must for Ontex and its suppliers to create a certain level of transparency, by having all its raw materials checked from a product safety point of view to ensure compliance with the REACH regulation and to get familiar with all intentionally added substances and the potential presence of any non-intentionally added substances.

All raw materials should be carefully selected to ensure they are appropriately biocompatible for their intended clinical use. An important standard in this context is the ISO 10993 (Biological evaluation of medical devices) series.

Special attention is given to nanomaterials in the design and manufacture of medical devices with the aim to reduce, as far as possible any risks linked to the size and the properties of nanoparticles which are or can be released into the user's body.

Raw materials suppliers are expected to assist their customers by supplying available information for their materials if relevant.

3.1. MITIGATING RISKS

Absorbent hygiene products can pose skin health risks and cause conditions such as diaper dermatitis. We are mitigating this risk by maximizing product performance, raw material safety, and by promoting clear health & safety messaging about our products. We also closely monitor customer and end-user complaints.

We are also staying in step with the rapidly evolving regulatory requirements by participating in dialogue facilitated by industry associations such as EDANA, BAHP, Group'Hygiène and AHPMA UK.

3.2. RAW MATERIAL SAFETY

All our suppliers are required to provide safety-related documentation such as a safety data sheet, an Ontex conformity declaration, test reports (including chemical and biocompatibility tests), and the complete chemical composition.

These documents are the basis for a safety evaluation by our scientific affairs team in cooperation with an external toxicologist. The conformity declaration is the most important element of the safety document package as it allows us to confirm compliance with all legal and regulatory obligations.

In 2021, our Regulatory Affairs team launched a new conformity declaration requiring a more comprehensive disclosure on materials' composition from our suppliers. It also further refines chemical testing and biocompatibility requirements.

3.3. PRODUCT TESTING IN TRUSTED LABS

Ontex has a track record of cooperating with trusted external laboratories to ensure our finished products meet the highest safety and performance standards. We use chemical tests in accordance with OEKO-TEX® 100 criteria for components in contact with skin. This screening has become increasingly popular among our customers and end-consumers.

3.4. TRANSPARENCY & THIRD-PARTY ASSURANCE

We use clear and prominent labelling to give consumers information and reassurance about the health and safety features of our products. On some products, this messaging is enhanced by third-party product certifications and trademarks. Today, 49% of our turnover comes from products with one or more eco or health labels

Certifications in the Ontex portfolio include OEKO-TEX 100, Asthma&Allergy Nordic and AllergyCertified. Others, such as Blauer Engel, EU Ecolabel, and the Nordic SWAN, confirm safety, quality and reduced environmental impact.

For selected Ontex products, animal-derived substances used throughout the supply chain are subject to third-party verifications including the V-label and the Vegan Society trademark.

4. Our value chain

OUR VALUE CHAIN

Raw materials

Our absorbent hygiene products are mostly composed of renewable wood-based materials, like pulp, and plastic materials. The distribution is approximately half to half. The wood is harvested in sustainably managed certified forests or derived from other controlled sources. Most of such forests are pine forests – Pinus Taeda, Pinus Elliottii or Pinus palustris. Plastic materials are traditionally fossil-based, however we tend to incorporate and commercialize also bio-based, biomass balanced and recycled alternatives

Design & manufacture

Ontex has 7 R&D centers – global centers of excellence and market adaptations hubs – to support our innovations and design for value projects. Manufacturing footprint of Ontex is spread across 6 continents with 18 production sites. 9000 employees work for the common purpose of manufacturing high quality and safe products in an environmentally and socially responsible manner.

Warehouse & distribution

On the next step of the journey, our absorbent hygiene products are transferred for storage in our own warehouses or warehouses of our external Group or local contractors. Once an order is ready for shipment, products get transported to the customer.

Markets & consumption

The main consumer groups of our products are babies, women and adults. The key customers are partner brands and healthcare providers, while we do have a limited amount of brands of our own as well. We serve 110 markets worldwide through 20 sales and marketing sites of Ontex. The main markets of our products are Europe & US. Our products can be found on shelves of retail and drug stores, pharmacies, healthcare institutions. Apart from offline stores our products get also commercialized via online channels.

End-of-life

Traditionally, absorbent hygiene products are disposed of through the municipal waste and go to landfilled or incineration after use. However, alternatives are on their way. Furthermore, we have adopted partially and fully reusable products as part of our product portfolio to further contribute to the principles of circularity.

5. How we work with our suppliers

The supplier base of Ontex is comprised of more than 500 suppliers located in more than 70 countries. However, the biggest share of them is located in Europe (60%) and Latin America (29%). Raw material suppliers represent slightly over 70% of Ontex spend.

Over 75% of the raw material categories fall under 3 categories: Fluff, Super Absorbent Polymer (SAP) and non-wovens.

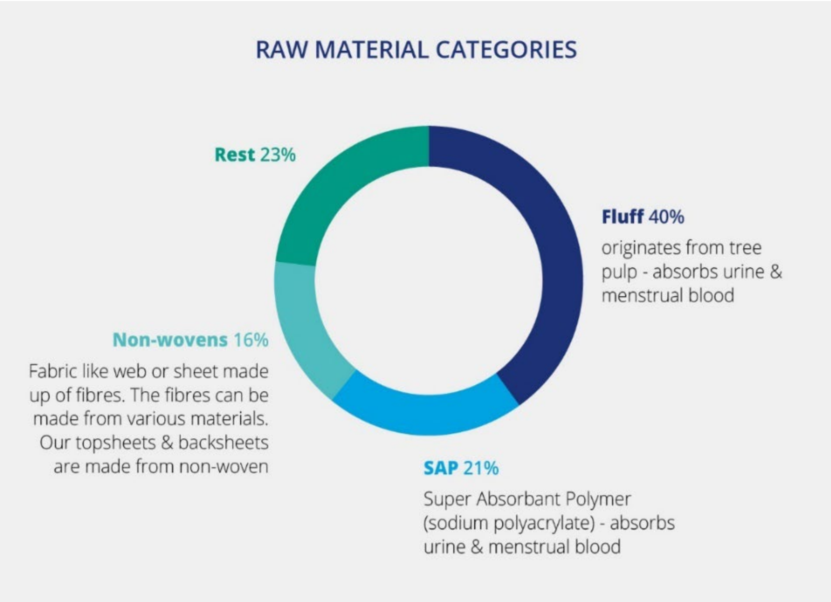

Figure 2: Commodity supplied in 2022 (in % of total weight)

5.1 SUSTAINABLE SOURCING CHALLENGES, RISKS & OPPORTUNITIES

Forests are indispensable. They are our lungs and life-support system, covering 30% of Earth's land area and hosting 80% of its biodiversity. Forests give us the air we breathe while removing carbon dioxide from the atmosphere. Today, the world's forests are in serious peril with the rate of deforestation estimated at 10 million hectares per year between 2015 and 2020. Agriculture remains as the main driver of deforestation, forest degradation and biodiversity loss. Environmentally responsible sourcing of feedstocks – especially those of natural origin as the most critical ones – is shifting from a purely voluntary commitment of companies towards a requirement embedded in legislation. Additionally, creating product & supply chain transparency is becoming a clear expectation from major retailers and consumers. Additional regulations have been drafted recently in both Europe and the US. It's a practice of disclosing detailed information about products, including what they contain, how they were produced and where they come from. It enables the verification of product quality and safety as well as the monitoring of labor practices and human rights across global supply chains.

5.2 OUR APPROACH

Our approach is shaped by Sustainable Sourcing Policy and Supplier Code of Conduct. Through these policies we aim to mitigate supply chain risks. We expect our suppliers to be committed to business integrity, to promote the principles of sustainable procurement in their supply chain, to be compliant with local laws, to ensure health & safety, to minimize the impact on climate and the environment, and to respect international human rights law on their own sites and from their own suppliers, including abolishing child and forced labor and eliminating discrimination. These policies are complemented by specific additional requirements, using a risk-based approach. An example are our Ethical Sourcing Requirements.

Currently, this set up explained below valid for all our raw material and packaging suppliers managed by the Group. It excludes a small share of locally managed suppliers, indirect spend suppliers such as service providers and traded or outsourced goods suppliers.

We have different touch points with our suppliers to assess, prevent and address potential sustainability-related risks when engaging with them:

- Potential raw material suppliers of Ontex complete a self-assessment questionnaire including sustainability related questions (covering environment, social and occupational safety).
- Each Ontex supplier needs to sign the Ontex Supplier Code of Conduct. It is an annex to Purchasing contracts and includes a reference to Ontex Ethical sourcing policy. Additional requirements are outlined in the Sustainable Sourcing Policy for Renewable Raw Materials. The latter establishes also the requirement to disclose certain information on origin and species to facilitate the due diligence process.
- As of 2022, Ontex has started to engage its raw material suppliers to Ecovadis – a third-party verified sustainability assessment provider. This assessment gives a better understanding of environmental, social and governance risks locked in our supply chain. It also helps to unlock the opportunities and drive continuous improvements.
- Within Ontex's supplier portfolio, 120 suppliers were invited to participate in the sustainability assessment through EcoVadis in 2022, selected on their critical share in spend, critical commodity and supply chain emissions. Over a third of them - 37% - completed the assessment. 86% of the assessed suppliers reached a score of 45 or higher (Ecovadis rating of good), meaning they actively engage in sustainability. Only 14% of supplier scores indicate a high risk and mitigation actions were put in place.
- In addition, we request suppliers located in risk countries to provide us with a valid third party social audit report. In 2022, 28% of our raw material & packaging suppliers which are managed by the Group were located in a risk-country[5], of which 42% of them provided us with a valid third party social audit report. No agreements with raw material suppliers were terminated on the grounds of sustainability-related non-compliance in 2022.

5 Risk-country as defined by amfori BSCI http://duediligence.amfori.org/countryRiskClassification.

5.3 GOALS & PERFORMANCE

In 2022, we revised our supplier management approach, resulting in the setup of a Supplier Compliance Cell. The aim of the latter is to further develop our supply chain due diligence approach, identifying, preventing and mitigating potential negative human rights and environmental impacts in our value chain.

Sustainable supply chain	Unit	2020	2021	2022
Supply chain due diligence				
% of direct spend covered by sustainability assessments via Ecovadis (NEW)	%	-	-	37
Human rights				
100% Supplier Code of Conduct signed by 2030	%	62	93	96
Percentage of new suppliers that were screened using social criteria	%	100	100	100
Suppliers located in risk countries	%	15	15	28
Percentage of risk suppliers covered by a valid social audit report	%	43	32	42

6. Environmental statements

6.1. CONSOLIDATION ENVIRONMENTAL FIGURES

CLIMATE	Unit	Notes	2020	2021	2022
CO2 EMISSIONS SCOPE 1,2 & 3		E2			
Scope 1 & 2 emissions market-based					
Scope 1	Tons CO2-equivalent		10,815	15,726	14,373
Scope 2	Tons CO2-equivalent		46,461	18,587	11,403
Total scope 1 & 2	Tons CO2-equivalent		57,276	34,310	25,776
Scope 1 & 2 emissions location-based					
Scope 1	Tons CO2-equivalent		10,815	15,726	14,373
Scope 2	Tons CO2-equivalent		128,786	123,978	121,109
Total scope 1 & 2	Tons CO2-equivalent		139,601	139,701	135,482
Absolute reduction of scope 1 & 2 emissions market-based since 2018	%		15	53	64
Absolute reduction of scope 1 & 2 emissions market-based since 2020	%		0	41	55
Carbon intensity ratio of scope 1 & 2 emissions	gCO2/€ product sold		27.5	16.8	10.5
Greenhouse gas emissions in scope 3					
Purchased goods & services	Tons CO2-equivalent		1,056,083	1,094,621	1,129,212
Capital goods	Tons CO2-equivalent		89,350	46,436	52,994
Fuel- and energy-related activities	Tons CO2-equivalent		10,904	11,461	10,910
Upstream transportation and distribution	Tons CO2-equivalent		263,098	271,180	286,988
Waste generated in operations	Tons CO2-equivalent		21,537	24,547	20,290
Business travel	Tons CO2-equivalent		432	309	407
Downstream transportation & distribution	Tons CO2-equivalent		77,322	74,842	75,000
End of life treatment of sold products	Tons CO2-equivalent		569,876	528,744	548,676
Total	**Tons CO2-equivalent**		2,088,602	2,052,140	2,124,477
Absolute reduction of scope 3 emissions since 2020	%		0%	-2%	2%

CLIMATE	Unit	Notes	2020	2021	2022
ENERGY EFFICIENCY & RENEWABLES					
Energy consumption within the organization		E2			
Electricity consumption	MWh		383,251	367,618	363,547
Car fuels (diesel/gasoline)	MWh		10,741	14,369	10,657
Fuel oil	MWh		3,872	11,903	12,046
LPG	MWh		1,456	1,168	1,068
Natural gas	MWh		23,969	36,824	33,874
Wood pellets	MWh		2467	942	1,036
Total energy consumption	MWh		425,756	432,824	422,227
Electricity intensity ratio	kwh/1000 finished goods		16.03	16.10	15.64
Renewable energy					
Percentage of renewable electricity	%		75	91	93
Percentage of total renewable energy	%		70	80	80
On-site production renewable electricity					
Production plants with on-site renewable electricity generation	Number of sites		2	4	6
Amount of green electricity generated on-site	MWh		2,267	5,212	12,088

SUSTAINABLE PACKAGING & PRODUCTS	Unit	Notes	2020	2021	2022
SUSTAINABLE PACKAGING		E3			
Percentage of total packaging that is reusable, recyclable or compostable	%		100	100	100
Share of renewable content in our packaging	%		80,	80	80
Share of recycled content in our plastic packaging	%		0	9	19
Share of recycled content in our paper and cardboard packaging	%		92	96	96
SUSTAINABLE PRODUCTS		E3			
Share of renewable content in our products	%		48,	48	47
Share of recycled content in our products	%		0	0	0
Share of eco-/health labels on our products	% turnover		41	48	49
Average product weight intensity	g/1000PC		28.8	29.1	28.3

PRODUCTION WASTE	Unit	Notes	2020	2021	2022
Non-hazardous					
Preparation for reuse	ton		985	1,237	837
Sent to recycling	ton		31,724	38,867	30,373
Other recovery operations	ton		0	0	1,280
Sent to incineration for energy generation/recovery	ton		3,442	3,938	3,242
Sent to incineration without energy generation/recovery	ton		0	212	4
Sent to landfill/storage	ton		3,202	1,946	2,790
Other disposal operations	ton		0	0	204
Hazardous					
Preparation for reuse	ton		0	0	0
Sent to recycling	ton		325	120	86
Other recovery operations	ton		2	0	1
Sent to incineration for energy generation/recovery	ton		155	262	12
Sent to incineration without energy generation/recovery	ton		12	30	200
Sent to landfill/storage	ton		469	15	0
Other disposal operations	ton		20	13	29
Total production waste	ton		40,336	46,641	39,058
Production waste intensity ratio (NEW)	kg/1000 PC		1.7	2.1	1.7
Recycling index	%		91	95	92
Waste diverted from disposal	ton		33,036	40,224	32,578
Waste directed to disposal	ton		7,300	6,417	6,480
Waste treatment					
Onsite	%		3	0	0
Offsite	%		97	100	100

PRODUCTION WASTE	Unit	Notes	2020	2021	2022
Waste composition					
Metals (iron, aluminum)	%		1	3	3
Paper/cardboard	%		19	19	26
Plastics	%		17	26	32
Product scrap	%		35	26	-
Solvent	%		<1	<1	<1
Textiles	%		4	3	12
Used oil	%		<1	<1	<1
WEEE	%		<1	<1	<1
Wood (pallets)	%		7	6	6
Other	%		16	16	22

WATER	Unit	Notes	2020	2021	2022
Water consumption					
Ground water	m^3		62,050	59,330	68,485
Surface water	m^3		5,747	3,393	4,117
Urban water	m^3		119,759	102,609	88,432
Rain water	m^3		1,073	937	614
Deep well	m^3		0	11,874	12,595
Total water consumption	m^3		188,629	178,143	174,243
Water intensity ratio	m^3/1000 finished goods		0.01	0.01	0.01

FORESTRY & COTTON	Unit	Notes	2020	2021	2022
Share of fluff coming certified sources (FSC/PEFC)	%		81	83	78
Share of fluff coming from controlled sources	%		19	17	18
Share of cotton from organic sources	%		96	96	94

ESG RATINGS	Unit	Notes	2020	2021	2022
CDP Climate	Score	E8	B	C	A
CDP Forest	Score	E8	B	B	B
ISS	Score	E8	C	C	C
Ecovadis	Score	E8	/	Bronze	Gold
MSCI	Score	E8	AA	AA	AA
Moody's Vigeo Eiris	Score	E8	41	45	45
Sustainalytics	Score	E8			20.5

E1 SCOPE OF ENVIRONMENTAL STATEMENTS

Environmental key figures include data from consolidated production sites where Ontex has operational control. The following sites are no longer reported compared to 2021: Ontex Hygienic Disposables PLC, Ethiopia. These production locations are no longer part of the Ontex group. No additional sites were added to the environmental reporting scope in 2022. This brings the total number of consolidated production sites that report environmental data in 2022 to 18 (including our Global Excellence Center in Mayen).

Within the scope of Ontex's reporting framework, most of the sites report their environmental data at the end of the fourth quarter of 2022.

Sites running from the 1st of January to the 31th of December 2022 are included. Sales offices & warehouses that are not related to a manufacturing plant are excluded from the reporting scope.

E2 CLIMATE DATA

2.1 Definitions

2.1.1 Scope 1-2 carbon emissions

Ontex reports its absolute scopes 1 and 2 emissions according to Greenhouse Gas Protocol methodology. The emissions reported are covering sites outlined in E1. Excluded from the scope of the calculations are the sales offices that are not related to manufacturing plants. This exclusion falls under the cut-off criteria as they will represent less than 1% of the total impact on climate change. The disclosed data, scope 1 and scope 2 emissions are expressed in tons CO2-equivalents (tCO2e).

The scopes 1 and 2 emissions are calculated based on primary data collected on-site and converted to GHG emissions using different sources of emission factors based on relevance: Bilan carbon, UK Government GHG Conversion Factors for Company Reporting, IEA & supplier specific emissions factors for electricity.

The scope 2 emissions are disclosed according to two methodologies: market-based[6] and the location based[7].

Greenhouse Gas emissions intensity is calculated using the total from scope 1 and scope 2 (in tCO2e) market-based emissions divided by the total revenues of Ontex (in euros).

$$\text{GHG emissions intensity } (\text{tCO2}/€) = (\text{Scope } 1 + \text{scope } 2)/\text{Total revenues}$$

PwC has provided ISAE 3000 limited assurance on selected environmental data of 2022.The PwC limited assurance report, including the scope of the indicators included in the assurance, can be found on section 9 of the sustainability statements.

6 “A market-based method reflects emissions from electricity that companies have purposefully chosen”, GHG Protocol Scope 2 Guidance

7 “A location-based method reflects the average emissions intensity of grids on which energy consumption occurs”, GHG Protocol Scope 2 Guidance

2.1.2 Scope 3 carbon emissions

Ontex reports scope 3 emissions according to the according to Greenhouse Gas Protocol methodology and using the operation control approach[8]. The scope 3 emissions are covering the following categories: purchased goods and services, upstream distribution, capital goods, business travel, fuel and energy related activities[9], waste in operation , downstream transportation and the end-of-life treatment of sold products for the scope 3.

The following scope 3 categories were identified as not relevant and therefore excluded from the scope:

- upstream leased assets, , downstream leased assets, franchises and investments: Ontex does not operate in these activities;
- use of sold products, processing of sold products: there is no~~t~~ impact related to the use phase of our products.

The conversion from primary data to ton CO_2-equivalent is done using supplier specific emission factors or when not available emission~~s~~ factors published by Ecoinvent, the GLEC, DEFRA (GHG Conversion Factors for Company Reporting) or the ADEME (Base Empreinte®).

Assumptions and limitations: The use of allocation have been minimized as much as possible but when allocation could not be avoided physical allocations where preferred (e.g. end of life) to economic factors (e.g. purchased goods and services, capital goods). For consistency and comparison over the year, default emissions factors are not updated on a yearly basis.

2.1.3 Energy consumption

Ontex energy consumption is reported for different types of energy used. The data are collected at the plant level and consolidated at the Ontex group level. Electricity is the largest energy source we use. Hence, our focus of switching to renewable electricity in our sustainability strategy.

The definition of renewable energy as given in the Greenhouse Gas Protocol scope 2 Guidance has guided us in defining the scope of this indicator. The following energy sources are considered in scope for this indicator:

- Wind energy, solar energy, energy from biomass (including bio- and other naturally produced gas), hydropower (including marine hydro) and geothermal energy.
- All on-site electricity production is solar energy.

The electricity intensity ratio is calculated as the electricity consumption divided by the amount of finished goods (per 1000 pieces). It explains how electricity intensive our products are.

Note that there are differences among the different product categories which are not disclosed in the annual report which may lead to variations over time.

The detailed energy consumption per production facility has been reported in our CDP submissions in 2022, accessible here.

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8 “Under the operational control approach, a company accounts for 100 percent of the GHG emissions over which it has operational control. It does not account for GHG emissions from operations in which it owns an interest but does not have operational control”, Corporate Value Chain (Scope 3) Accounting and Reporting Standard

9 Not included in scope 1 or scope 2

2.1.4 Carbon neutral operations

At Ontex we are conscious of our CO2 emissions, and we are working towards reducing further the carbon footprint of our manufacturing sites and aim to achieve carbon neutrality for our production sites by 2030.

To achieve this, we follow a 3 steps approach: calculate, reduce energy consumption & offset our remaining carbon emissions. At the end of this process, the manufacturing sites receive a carbon neutral certification in line with the PAS 2060, the international standard for CO2-Neutrality, guaranteeing credible climate action.

The project we support is VER certified and can be accessed via this link.

2.2 Climate challenges, risks & opportunities

We believe that climate change is one of the biggest challenges that humanity faces. Even if the pledges made at the Paris Climate Conference in 2015 are honored, it still leaves average surface temperatures on track to increase by more than three degrees, resulting in an unpredictable and unmanageable impact on the climate. The fifth IPCC report highlighted the severity of the impact we are already experiencing at 1 °C warming and stated that 2 °C of warming is now considered highly dangerous. Therefore, companies need to increase the resilience of their supply chains and direct operations and aim to stay below 1.5 °C global warming. That is why hundreds of businesses – including Ontex – are setting science-based targets. Some go even further to aim for net-zero supply chains. The same IPCC report includes urgent recommendations for reducing emissions of GHGs into the atmosphere through a rapid transition from fossil fuels to renewable energy. About 3% of our carbon footprint is related to the production of our product. The remaining 98% is in our value chain, with raw materials having the biggest climate impact. That’s why expanding our climate responsibility to our value chain is essential to address climate change

2.2.1. Risk & opportunity description

In the short term, the main climate risks are regulatory. Increasingly stringent regulations on energy use and emissions can induce higher operational costs. In addition, product or packaging-related legislation or taxes may affect our direct costs. On the other hand, progressive climate stewardship could contribute positively to Ontex' brand equity and reputation and therefore have a positive impact on our customers & consumer preferences. To take our ambition a step further, we don't only see an opportunity in using renewable electricity but having carbon neutral production & communicate this to our consumers.

The consequences of climate change are the main long-term risk for Ontex. We have conducted a first climate-related risk analyses in 2021. Two scenarios were chosen for relevance to Ontex:

- Delayed Transition is the scenario in which global warming is limited to 1.3-1.9° degrees above pre-industrial levels by 2100 thanks to stringent mitigation and Carbon Dioxide Removal technologies, change in policies and implementation of legal instruments. The equivalent IPCC scenario is RCP 2.6.

- For the physical climate scenarios we discovered the RCP6.0 scenario. We consider this as a realistic 'worse case' scenario where there is only a very modest effort towards mitigation between 2010-2060, but improvements in energy intensity and a global market for emissions permits help limit atmospheric CO2 to 670 ppm by 2100. Global temperatures by 2100 are likely to be 2.6°-3.7°C above pre-industrial levels.

2.2.2 Transition risks

According to the Delayed Transition scenario (<2°C), Ontex will mainly be exposed to two transition risks: (1) the policy risk including the threat of increasing raw material prices due to carbon prices, as well as eventual upcoming regulations on single-use products, and (2) the market risk, which is currently limited for our company, although solutions are essential in the long term.

How do we respond to this risk? With our Sustainability Strategy 2030 we set a target to decrease our scope 3 carbon emissions with 25% by 2030. Raw materials are accountable for the majority of emissions. Our R&D strategy is including the carbon impact calculations of each innovation. In addition, via supplier engagement we aim to reduce emissions on our raw materials and hence reduce the risk on heavy carbon taxes.

2.2.3 Physical risks

Based on the RCP6.0 scenario, there are physical risks, such as the increase in global temperatures & water stress, potentially affecting the productivity of plants. Just over half of our manufacturing sites are located in areas of High-Water Stress Risks.

How do we respond to this risk? We do not use process water; hence our consumption of water is limited to sanitary water, air conditioning and water for our sprinkler installations. In the majority of our plants, we capture rainwater to use for our sprinkler installation & toilet water. We consider the Water Stress risk low due to the type of business we have.

Floodings are another risk which potentially affects 20% of our factories. We already had floodings in the past. As a result, our plants have emergency response plants ready in case an emergency occurs.

2.3 Our approach

In 2020 we announced our ambition to reach carbon neutral operation[10] by 2030 and in 2022 we have set science-based targets goals which have been approved by the Science Based Target initiative (SBTi). Our submission can be accessed here.

- Ontex commits to reduce absolute scope 1 and 2 GHG emissions 80% by 2030 from a 2020 base year.
- Ontex also commits to increase annual sourcing of renewable electricity from 75% in 2020 to 100% by 2030.
- Ontex further commits to reduce absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and end-of-life treatment of sold products by 25% by 2030 from a 2020 base year.

On top of the target-approved targets by the SBTi, Ontex aims for carbon-neutral operations by 2030.

To achieve our targets, we are taking a range of different actions. This includes reducing our electricity consumption in our manufacturing sites, transforming our energy mix and investing in clean technologies.

An externally verified carbon emission reporting system, and responses to rating agencies such as the Carbon Disclosure Project, help us align our efforts with the magnitude of the greenhouse gas challenges we face.

The reduction of our scope 1-2-3 carbon emissions is part of the Ontex Incentive plan.

10 scope 1 and scope 2 market-based

2.4 Goals & performance

Table 1: Climate goals & performance

Goals	Performance 2022
80% scope 1–2 emissions reduction by 2030 vs 2020	- 55%
100% renewable electricity by 2030	93%
25% scope 3 emissions reduction by 2030 vs 2020	+2%

In 2022, CDP recognized Ontex as one of the world's leading companies in terms of its environmental performance and its transparency in fighting climate change, being one of the 2.2% of companies in the world awarded with A rating for its 2021 performance in the CDP Climate Change questionnaire.

Scope 1-2 emissions

Our total emissions in metric tons of CO2 equivalents for scopes 1 and 2 decreased by 55% versus our base year 2020, mainly due to the switch to renewable electricity sources in US and Mexico. Furthermore, all our European plants already source 100% renewable electricity, at Group level we were at 93% vs 91% in 2021. Additionally, our total energy use from renewable sources (electricity and other fuels) represented 80% of our total energy use in 2022 (compared to 70% in base year 2020).

In 2022, we continued installing solar panel rooftops at our plants. 6 Plants now have on-site electricity production, amounting to 12,1 GWh in 2022, or 3% of our total electricity consumption.

Offsetting carbon emissions

In 2022, 5 out of 18 plants were certified carbon neutral factories. Offsetting represents 7824 tCO2e, less than a quarter of our total scope 1-2 emissions.

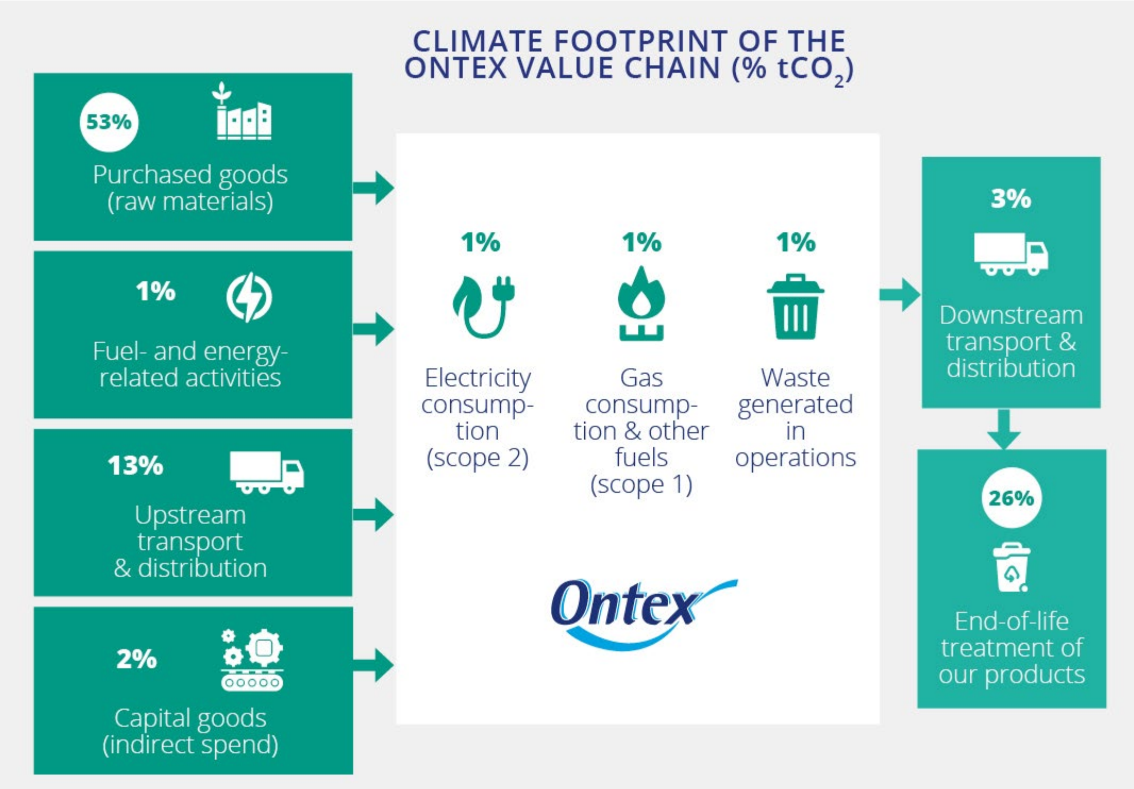
Ontex supported the development of wind turbines in different regions of India. About 30 turbines of different sizes with a capacity around 32 MW producing on average 54 000 MWh of green energy per year in the provinces of Karnataka, Andhra Pradesh and Tamil Nadu.

The electricity produced displaces an equivalent amount of energy that would normally be generated using fossil fuel-based power plants leading to a reduction in CO_2 emissions. Project activities are not only limited to emission reduction but also aim to improve living conditions. The local communities are involved as much as possible, and the Project generates many co-benefits such as job opportunities and improved infrastructure in the region in line with the United Nations Sustainable Development Goals.

More information can be found via this link: https://registry.verra.org/app/projectDetail/VCS/669

Scope 3 emissions

Ontex's total emissions from its value chain in 2022 - scope 3 emissions - amount to 2,12 million metric tons of CO2 equivalent compared to 2,09 million in 2020.



E3 CIRCULAR SOLUTIONS

3.1 Definitions

Circular economy aims to decouple economic growth from resource consumption. This means leaving behind a circular model – take, use, waste – and move to a circular model where we maximize resource use and reuse, and where nothing is wasted.

Packaging

Packaging: Our packaging exists of LDPE-film, corrugated cardboard, pallets or paper. Packaging is referred to as primary, secondary & tertiary packaging.

Recyclable packaging: all Ontex packaging is technically recyclable.

Packaging with recycled content: we offer our customers primary plastic & cardboard packaging with recycled content of minimum 35%, going up to 100%. This content can be chemical recycled post-consumer recycled content or mechanical recycled post-industrial recycled content. For the 2022 reporting, Russian suppliers have been excluded from the reporting on recycled content in cardboard boxes.

Packaging with renewable content: this is referring to packaging made out of corrugated cardboard or paper.

Products

Recycled content in our products: in 2022, we had no products with recycled content on the market.

Renewable material in our products: about half of the raw material (by weight) used in our products is certified or controlled fluff. The majority of our fluff originates from the pine trees, hence renewable. In minor amounts we also use certified organic cotton, eucalyptus fluff & non-wovens of natural origin from sustainably harvested sugarcane and corn. Apart from that, we have adopted plastic alternatives from renewable feedstocks.

3.2 Circular challenges, risks & opportunities

By 2030, the global population is expected to reach nearly 8.5 billion, with nearly half a billion moving into the middle class.[11] This means that more and more people will have a chance at a better life. But increasing individual prosperity will heighten the demand for already constrained natural resources. Global awareness about plastic pollution and its impact on our ecosystems continues to grow. Several major global coalitions have been announced to tackle the issue. Businesses are experiencing growing pressure from consumers to reduce single use plastics. Used personal hygiene products make up a considerable part of household waste. It ends up in incineration or landfill facilities. To address the waste issue, governments are increasing pressure to move away from single use products via the ‘polluter pays’ principle, or so-called EPR schemes[12]. How we make and use our products directly affects our carbon footprint and our impact on nature.

11 Source: https://www.un.org/sustainabledevelopment/blog/2015/07/un-projects-world-population-to-reach-8-5-billion-by-2030-driven-by-growth-in-developing-countries/
12 EPR stands for Extended Producer’s Responsibility

3.3 Our approach

Two of today's biggest challenges are climate change and resource depletion, driving biodiversity loss and undermining human rights. In response, we are developing circular solutions for our products and packaging. We identified three priority areas:

- Priority 1: Zero production waste to landfill
  Our ambition is to send zero production waste to landfill by 2025. This indicator has been changed versus last year increasing the speed of implementation from 2030 to 2025.
- Priority 2: Circularity in packaging
  All our packaging is technically recyclable. We are committed to increasing the proportion of renewable and recycled plastic in our plastic packaging by 2025. All cardboard packaging will have a 100% recycled content by 2025.
- Priority 3: Sustainable products & services
  - Sustainable products require a careful consideration of *raw material choice*. We aim to replace materials by bio-based, recycled or non-plastic alternatives to reduce our carbon footprint and plastic consumption.
  - We optimize designs so that the materials can be valorized by *recycling*.
  - Developing *(partly) reusable products*
  - Find, pilot & implement en*d-of-life recycling and composting* solutions and services for the sanitary waste stream via partnerships.

3.4 Goals & performance

Goals	Performance 2022
100% recyclable packaging by 2025	100%
> 30% plastic bags with minimum 35% recycled or renewable content by 2025 (by weight)	19%
100% of our cardboard boxes having recycled content by 2025 (by weight)	96%

Being primarily active on the retailer brand and institutional channel, the pace of transition towards sustainable products & packaging solutions is largely dictated by our customers. However, we want to be their key partner to provide solutions, share knowledge & tools, and work collaboratively on reducing our impact on the environment.

Circularity in packaging

Our packaging – LDPE bags or cardboard boxes - are theoretically fully recyclable. This means they are designed for recycling, but the recycling rate highly depends on the local waste collection schemes in the country where the packaging is collected.

During 2022, we commercialized plastic packaging with recycled content. 19% Of our plastic bags had a minimum of 35% recycled content vs 9% in 2021. 96% Of our cardboard boxes had recycled content. This is in line with our 2025 packaging goals.

Sustainable raw materials

Much of our R&D work focuses on reducing the volume of materials in our products while achieving equal or better performance. The latter is connected with the large inflation on the raw material prices we faced during 2022.

Natural or recyclable design

Consumers love nature-based/natural products. An example is the launch of different products with cotton topsheets in 2022.

(Partially) Reusable products

We support the shift from disposables to reusable personal hygiene products. We added hybrid diapers, menstrual underwear and menstruation cups to our product portfolio. Despite of this, we notice that these products are not used by the mainstream consumer but rather aimed at a niche market. Hence, the share of sales for these products represent below 1% of our total sales.

End-of-life

In May 2022 Ontex renewed its support to Woosh, a Belgian startup that aims to make diaper recycling a reality in Ontex's home country. Together with waste companies Woosh aims to set up the first diaper recycling facility in Belgium. We continue to support the scale-up of their business and collect used diapers from day cares.

The pilot project at Les Alchimistes to assess diaper composability has ended and we are now taking the learnings to R&D and product development.

In addition, we are working together with the industry associations EDANA & Group'Hygiène to explore viable recycling options and Extended Producer's Responsibility (EPR) schemes for diapers.

E4 PRODUCTION WASTE

4.1 Definitions

Production waste is defined as the total volume of generated waste expressed in ton per year. The distinction between hazardous and non-hazardous waste is made based on the local regulation for the region where the reporting entity is located. For EU sites, Hazardous Industrial Waste (HIW) is defined according to Appendix III of the Waste Framework Directive (2008/98/EC). For non-EU countries, classification follows the local legislation.

The recycling index is the ratio of the waste recovered by third parties (including waste recovered as energy through incineration) to the total waste.

Significant spills are accidental release of a hazardous substance that can affect human health, land, vegetation, waterbodies, and groundwater which are included in our financial statements.

4.2 Our approach

Ontex monitors waste production and recovery through waste treatment practices such as recycling, reuse, and waste-to-energy. Our plants seek to maximize the recovery rate for their waste through on-site sorting and staff training. The latter is part of ISO14001 which the majority of our plants are certified to~~o~~. To maximize the recovery rate, our plants enter into agreements with waste contractors that can recover the various types of waste generated and support us in reaching our goal of zero waste to landfill by 2025.

4.3 Goals & performance

Goals	Performance 2022
0% production waste to landfill by 2025	7%

The amount of production waste generated per product declined by 18% between 2021 and 2022. Although we reduced the absolute amount of production waste in 2022, our recycling index for production waste decreased by 3% compared to 2021. In 2022, 8% of production waste were either sent to landfill (7%) or incinerated without energy recuperation (1%). The target is to achieve 0% by 2025. The transformation of one of our European plants into Excellence Innovation centre and the improvement in the reporting had an impact on our waste indicators.

In 2022, our plant in Istanbul was awarded with the Zero Waste Certificate from the Turkish Environmental Ministry.

We did not have any significant spills in 2022.

E5 WATER

5.1 Definitions

Ontex uses water for its sanitary purposes, fire control & air conditioning systems in its production sites. No water is added to manufacture our products. Hence, we do not consider water withdrawal as a material topic for Ontex. Nevertheless, we monitor water withdrawal figures, including a split up per water source.

Very limited amounts of water are being discharged, according to the local environmental permits & legislation. No goals are defined for water reduction as it is not deemed a material topic to Ontex. We, however, monitor the volume of water consumption.

5.2 Our approach

Around 58% of Ontex sites are located in areas of High-Water Stress Risks[13] (e.g., Belgium and Mexico). However, we don't use processed water. Sanitary water, water for fire control & air conditioning are the main sources of water use in our facilities. This also means we don't have (process) water contamination risks.

The volume of water consumption is low. Hence, the risks of water limitations are very limited.

Despite water not being a material issue for Ontex, we monitor the water consumption to ensure actions can be implemented in case anything changes and track potential leaks in an early stage.

[13] Based upon Aqueduct water stress data from WRI's Aqueduct Global Maps dataset

E6 FORESTRY & COTTON

6.1 Definitions

Ontex purchases a wide array of materials derived from wood, cotton, and other materials of renewable origin:

- Wood-based materials: pulp, airlaid, tissue, viscose, silicone paper, paper and cardboard packaging and auxiliary components
- Cotton-based materials: cotton fibers, yarns, cotton-based and enhanced non-wovens
- Other materials of renewable origin: biobased, biocircular and biomass-balanced plastics (non-wovens, SAP, etc).

These material commodities are linked to a high risk of deforestation, forest degradation or another negative biodiversity impact. Therefore, we at Ontex make sure they are subject to special scrutiny to ensure we can safeguard the nature and source responsibly.

6.2 Our approach

Traceable and sustainable sourcing of renewable raw materials is a fundamental principle guiding Ontex procurement decisions for wood-, cotton- and other materials of natural origin. This principle is encapsulated in the Sustainable Sourcing Policy for Renewable Raw Materials. The Policy outlines the applicable credible certification mechanisms a supplier can rely on. From tother hand, it also vocalizes the requirement for transparency when disclosing the sourcing information to Ontex – a key enabler of the internal due diligence process. Ontex due diligence is consisting of three parts:

a. gathering information received from suppliers and information available from public sources

b. assessing the risk of non-sustainable origin of these materials – classifying the risk as negligible or non-negligible

c. mitigating the non-negligible risk with the most appropriate measure.

This due diligence exercise is done every year and is also part of a supplier selection and onboarding process. The ultimate goal of the exercise is to ensure that all materials of renewable origin sourced, used or sold by Ontex are of sustainable origin.

Our approach to sustainable sourcing of such materials largely falls on the certifications existing in this domain: PEFC and FSC for wood-based materials, GOTS and OCS for organic cotton, REDcert[2] for sustainable origin of renewable feedstock for bio-plastic materials.

Our 2030 goal is to purchase all material from agriculture and forestry from certified suppliers: 100% FSC- or PEFC-certified or controlled wood-based material and 100% organic, BCI or recycled cotton.

6.3 Goals & performance

In 2022, 96% of our wood-based raw materials came from certified or controlled sources, which is 4% off from our commitment. Due to suspension of the FSC certification in Russia in spring 2022 and switch from international to Russian wood pulp suppliers, this temporary exemption on the requirement to source only certified or controlled wood-based materials needed to be made to ensure continuity of business operations in the Russian plant of Noginsk.

Pinus sylvestris, Picea Abies and Betula Pendula appear to be the top three species of our wood-based raw materials and packaging: mainly from Europe and the United States.

As for cotton, 94% of the cotton purchased in 2022 was organic. While the purchased volume of non-organic cotton-enhanced materials has decreased compared to 2021, the volume of the organic cotton purchase has decreased even more resulting in a slight decline of the overall indicator.

E7 MANAGEMENT SYSTEMS

7.1 Definitions

Environmental and social responsibility of Ontex is driven forward by an integrated sustainability management system. This system is built of policies, procedures and processes helping to ensure that sustainability is embedded into all aspects of Ontex activities.

7.2 Our approach

The guiding principles of Ontex sustainability management system are outlined in Ontex Sustainability Policy. The Policy underlines the importance of compliance with obligations, an integrated approach to sustainability, and a special focus on continuous improvements. The main environmental and social responsibility standards taken as the base for Ontex sustainability management system are those set up by the International Organization for Standardization (ISO):

- ISO 14001 – Environmental Management System
- ISO 50001 – Energy Management System
- ISO 45001 – Occupational Health and Safety Management System

A number of other voluntary and obligatory requirements feed into this system, e.g., BSCI and SMETA social compliance schemes, legal and regulatory obligations, third-party certifications, UN SDGs and other sustainability frameworks and standards.

A further integration within the company is achieved by aligning the sustainability management system with those for quality and information security. A cross-functional team ensures a single coherent base for all the management standards Ontex has adopted. The foundations are set up at the Group level and cascaded to sites: a set-up allowing us to share the best practices and reach the optimal synergy.

The pinnacle of the integrated annual management system is a management review done annually both at all Ontex sites and the Group. It serves as a point of reflection on performance results of the past year (incl. analysis of complaints received) and underpins risks, opportunities and resources needed for further improvement.

6.3 Goals & performance

12 of our 18 Ontex manufacturing sites are certified to ISO 14001, 7 to ISO 50001 and 3 to ISO 45001, 14 audited against BSCI/SMETA. A sustainability management system is in place in all sites irrespective of their certification status.

Compared to 2021, the certificates and audit reports for one site have been phased out due to closure of this production site. No environmental or energy accidents were reported in any Ontex site in 2022.

E8 ESG RATINGS

We aim to achieving strong ratings in sustainability indices. Positive ratings help us to create a long-term relationship with our stakeholders that is based on trust. In addition, these scorings also impact our priorities, as it helps us to better understand our stakeholders' key concerns.

Our main indices:

CDP	Ontex obtained an A score on the 2022 Climate Change questionnaire. Only 2.2% of companies out of the nearly 15000 companies scored received an A. We got a B score on the CDP Forest questionnaire. This is the same as the previous year.
ISS ESG	Ontex is rated C by ISS ESG, just below the prime score.
GOLD 2022 ecovadis Sustainability Rating	We have been awarded a gold medal in recognition of our sustainability achievement. This is an improvement compared with the last assessment where we scored Bronze.
MSCI	In 2022, we received a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment, same as last year.
Moody's ESG	We received a rating of 45/100 on Vigeo Eiris – Moody's ESG index. This is the same score as last year.
SUSTAINALYTICS a Morningstar company	Ontex is rated "Medium ESG Risk" by Sustainalytics, same as last year.

7. Social statements

7.1 CONSOLIDATION SOCIAL FIGURES

	Unit	Notes	2020	2021	2022
WORKFORCE		**S1**			
Ontex Employees					
Total Number of Active Employees	FTE (Full-time equivalent)		9,807	9,039	8,824
Non-employees					
Total Number of Non-employee workers	FTE (Full-time equivalent)		-	-	1,185
Employees in Management					
Total Number of Active Employees in Management	FTE (Full-time equivalent)		79	76	76
Employees by Category					
Blue Collar	FTE (Full-time equivalent)		6,399	5,813	5,736
White Collar	FTE (Full-time equivalent)		3,329	3,150	3,088
Employees by Contract Type					
Limited duration (temporary)	% of Employees		8	5	3
Unlimited duration (permanent)	% of Employees		92	95	97
Employees by Gender					
Percentage of Men in Total Employees	% of Employees		69	71	70
Percentage of Female in Total Employees	% of Employees		31	29	30
Employees by Age					
<30 years	% of Employees		23	20	19
30-50 years	% of Employees		61	62	62
>50 years	% of Employees		16	17	19
Inclusive Diversity					
Percentage of Female Management	% of Employees		25	26	20
Percentage of persons with disabilities	% of Employees		2	1	2
Number of different Nationalities	Count of different Nationalities		74	75	78

	Unit	Notes	2020	2021	2022
Hires & Dismissals					
Total number of hires	**FTE (Full-time equivalent)**		**1,902**	**1,505**	**2,063**
Total number of hires temporary	FTE (Full-time equivalent)		NA	NA	234
Total number of hires permanent	FTE (Full-time equivalent)		NA	NA	1828
Total number of dismissals	**FTE (Full-time equivalent)**		**1,668**	**2,134**	**1,662**
Total number of dismissals temporary	FTE (Full-time equivalent)		NA	NA	317
Total number of dismissals permanent	FTE (Full-time equivalent)		NA	NA	1 345
Turnover rate	% of total number of dismissals permanent + special projects / Total employees permanent		17	24	16
Absenteeism					
Absenteeism rate	% of total of unplanned hours of absence / total amount of hours available in 2022		4	4	3
SOCIAL DIALOGUE					
Employees covered by collective bargaining agreements	% of employees		62	61	57
Employees that are represented by a health & safety committee	% of employees		87	85	90
TALENT DEVELOPMENT		S2			
Percentage of employees trained	% of employees trained/total number of employees		80	83	83
Total number of training hours	Number of training hours		202,272	187,974	137,483
Average number of training hours per employee	Training hours/total number of employees		21	21	16
HEALTH & SAFETY		S3			
Occupational accidents					
Frequency rate	Ratio		5.45	2.96	3.78
Severity rate	Ratio		0.12	0.10	0.10
Fatal accidents	Number		0	0	0
LOCAL COMMUNITY INITIATIVES		S5			
Donations	€		3,985,000	1,150,000	1,760,000

Table 2: Consolidated social figures

S1 SCOPE OF SOCIAL STATEMENTS

Our Social statements allow Ontex to understand our workforce. We include data from all our locations (all the sites who were operational on the 31/12/2022) in the report.

In 2022 we started to report separately Employees and Non-employees.

1.1 Definitions

Ontex Employees. An employee is a person who has a valid employment contract with Ontex. We take into account only active employees as of 31/12/2022 for the FTE calculation.

Active Employee. An employee is considered active if a person has a valid employment contract with Ontex and regularly attends work. If an employee is away from work for a period shorter than 2 months, this person is still considered active.

Non-employees. Workers who are not employees are those who perform work for the organization but are not in an employment relationship with the organization. Types of workers who are not employees include agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, and volunteers.

FTE (Full-time equivalent). FTE refers to the total hours worked by a full-time employee on a regular basis. This concept is used for converting the work executed by part time employees as compared to full time employees.

There are differences in calculating FTE for Ontex Employees (direct labor and indirect labor) and Non-Employees.

Indirect labor Ontex employees: The standardized figure is 1.0, which refers to a full-time worker. 0.5 refers to an employee that works half full-time hours.

Only active employees as of 31/12/2023 are taken into account for the calculation of the FTE. In example, an employee who worked until December 30th will be counted as 0 FTE in the Annual Report, or an employee who returned to a full-time regime on December 31st will be counted as 1 FTE.

Direct labor and Non-Employees: If potential full time working hours of the month = 160 hours, the temps working 120 hours in that specific month will be counted as 120/160 = 0.75 FTE

Employees in Management, we consider everyone with the internal position levels of Band 1, Band 2 and the Executive Management Committee (jointly referred to as Banded) as Employees in management. The position level is an internal classification, which allows us to weigh the relative contribution of every position in the company based on the description of the role and responsibilities. There are 10 levels for non-banded roles, from Level J to Level A (Level A being the highest) and 4 for Banded, ranging from BAND 1 to BAND 4 (Band 4 being the highest).

Employees by category. White-collar workers are normally office workers while blue collars are employees working in our plants as part of the production, warehouse, and maintenance.

Inclusive diversity. We use a variety of metrics in the Inclusive diversity category to demonstrate different dimensions of diversity of our workforce. The metrics include the % of female in management (see the definition of the Employees in management above), the % of people with disabilities in relation to the total workforce and the number of different nationalities

The turnover rate is calculated as the sum of permanent dismissals over the total number of permanent employees at the end of the period. Only Ontex permanent employees are taken into account in the calculation of turnover (externals are to be excluded). For the calculation we include voluntary and involuntary dismissals for permanent employees.

Absenteeism is the term generally used to refer to unscheduled employee absences from the workplace. Only active Ontex employees are taken into account in the calculation of absenteeism (externals and employees on leave are to be excluded).

The absenteeism rate is calculated as the relation between unplanned absences and available hours.

Unplanned absences are the sum of all the hours of absence of active Ontex employees in a given period. Part-time absences (e.g., delays, leaving work earlier than the work shift), planned absences (e.g., holidays, parental leave) and long-term absence are NOT to be included in the unplanned absences.

Available hours are the expected (theoretical) quantity of hours to be worked in the period excluding holidays and vacations.

1.2 Our approach or explanation figure(s)

Our data is consolidated based on the inputs from each location at Ontex. In this case all the Workforce Data are expressed in FTE's as of 31/12/2022. The data in this table can vary from the data mentioned in the statutory report due to different calculations methodologies.

After our Turnover Rate peaked in 2021 (mainly due to increased voluntary turnover driven by the market, uncertainty and some country-specific challenges), we now see a reverse trend and a decrease of 8% compared with last year. We have changed the calculation during this year to be more accurate by including only permanent employees in the calculation. If we were to keep the calculation method which we used in previous years the rate would have been 19%, which is still considerably lower than in 2021.

1.3 Performance 2022

In 2022 we put in place a number of measures to curb turnover and retain and motivate our employees. For example, we adjusted salary levels more frequently than usual in the countries where inflation has had a significant impact on purchasing power of employees; introduced initiatives to better connect employees and top management cross-functionally and give them deeper understanding of the company's strategy and priorities (EMC field visits, virtual Leader Chats, Leadership breakfast meetings, "Beyond the Leader" stories on Ontex's intranet, etc.); put in place targeted development and retention plans for high-potential and high-performing employees; adapted our performance management process to encourage more frequent feedback conversations; promoted mental and physical wellbeing through #vitality@Ontex program (yoga-sessions, Ontex steps program, global walkathon, @lunch walks/runs instructional videos on ergonomics, workshops for people mgrs. and employees on topics like resilience, protecting your energy, detecting burnout, etc.). In addition, various Ontex sites also organized local activities, such as after work apero, team charity events, lunch and learn activities and piloted Eureka! – a peer-to-peer recognition program in Europe.

S2 TALENT DEVELOPMENT

Within the Talent Development data, we try to measure and understand the impact of our training actions.

2.1 Definitions

Training. Any activity that results in the acquisition of knowledge, skills, and attitudes of an employee. This excludes sensibilization campaigns, or any activity that has as main purpose to inform.

Percentage of employees trained. All employees that have completed at least 1 training. This allows us to understand the population reached by our initiatives.

Total number of training hours. Sum of training hours completed by all employees.

Average number of training hours per employee. Sum of training hours over the total number of employees. This metric allows us to understand the number of hours provided to each employee.

2.2 Approach

The purpose of Talent Development is to ensure that our employees are competent in executing their tasks to meet organizational, quality and business needs.

Like our Social Statements, the Talent Development data is consolidated based on the inputs from each location at Ontex. For 2022 we have excluded sensibilization campaigns from the training definition, as we believe sensibilizations inform employees rather than train them. In the past, including in the corrected 2021 figures, our reported training hours did include sensibilization hours. This is the main reason why we now report a decrease in the training hours and in the average number of training hours per employee in 2022.

2.3 Performance 2022

As mentioned, this year we have worked in a new definition of training to measure what we do to ensure that personnel is competent for executing their tasks to meet the organizational, quality and business needs. This is the reason why we want only to measure how many training hours we provide for that.

S3 OCCUPATIONAL HEALTH & SAFETY

3.1 Definitions

Occupational safety is about preventing work-related injuries including all the preventive actions undertaken in order to protect and promote physical and psychological health at work, both collectively and for each individual Ontex employee. Accidents are mostly linked to unsafe behaviors.

An occupational accident is defined as a work-related unexpected and undesirable event resulting in damage or harm, namely injury or illness. Accidents on the way to or from home are not considered as work-related unless the worker was travelling for Ontex at the time of the accident.

All sites where Ontex has operational control are included in the scope of the occupational safety reporting. Contractors (including temporary workers) are excluded from the reporting. However, any event that deals with safety is investigated within our plants, whether it involves Ontex personnel or contractors.

To measure the progress, we use two indicators: the accident frequency rate & severity rate.

Accident frequency rate

The accident frequency rate expresses the number of labor accidents per million worked hours. We use the abbreviation ‘Fr’ for this indicator. Our ambition to have zero occupational accidents is measured through this formula: number labor accidents x 1.000.000 / total worked hours.

Severity rate

This indicator expresses the number of total lost days per thousand worked hours. We use the abbreviation ‘Sr’ for this indicator which is measured through this formula: number lost calendar days x 1.000 / total worked hours.

3.2 Challenges, risks & opportunities

Employee safety impacts the employees, their families and our operations. Employee wellbeing is key to both employee retention and recruitment.

We have identified five major operational risks:

- Fire: the business is classified as high fire risk and generally requires special authorizations and permits from the authorities that go into detail about the risk assessment in order to verify whether all the countermeasures taken are effective and enable damage to people and assets to be limited should the event occur.
- Explosive atmosphere: due to the production process, explosion risk zones are generated due to the presence of dust in the confined environment. Inspection and maintenance of critical areas (specifically on mills & filters).
- Noise: although the continuous upgrading of production lines allows constant attention to be paid to this risk, production lines produce noise due to the presence of mechanical moving parts
- Manual Handling of Load and Ergonomics: continuous improvement of handling tools is in place and in addition end of line automation project is reducing the risk. Safety practices are implemented in order to develop right behavior.
- Mechanical and cutting risks that could lead to an irreversible (life-altering) injury such as amputation of body parts.
- Analyzing the root cause of accident events, however, it must be underlined that many of the accidents are linked to unsafe behavior (non-compliance with procedures, non-use of PPE, lack of H&S Leadership ...) which remains a priority for the Group.

3.3 Our approach

The safety of our people is a priority for Ontex, as specified in our Sustainability Strategy 2030. We aim for continuous improvement in occupational health and safety, with the ultimate goal of zero occupational accidents.

As part of our ambition of zero accidents, we track all accidents & near misses. Main injuries are cut wounds, superficial injuries (e.g., bruises) and open wounds caused by use of manual tools (e.g., drills, grinders,...). The worst-case injuries that could happen, if these are not managed well, are amputations of body parts, resulting from the fact that we're working with rotating elements at our production lines.

Establishing and promoting a global safety culture is the most meaningful way to ensure health and safety for all our employees worldwide. Our efforts to create a safety culture where all employees work together and care for one another are based on:

- Increase H&S Leadership at all levels of the Organization and role modelling leading by example.
- Behaviors, including raising awareness that unsafe behavior is a risk and a Behavior Based Safety protocol.
- Conditions, including our change management procedure and ‘Log out Tag out Try out’ approach.
- Standards, enabling us to embed a solid Health & Safety Management System.
- Health & Safety employee qualification. Each employee, in relation to the job performed, has to be aware of the risks to which he/she is exposed, the procedures to be put in place in order to reduce the risks and of the importance of using all the PPE.
- Risk assessment process, essential to understand and mitigate (potential) risks.

3.4 Goals & performance

Goals	Performance 2022
Zero occupational accidents (Fr)	3.78

Ontex has consistently prioritized occupational safety. This results in a reduction of our accident frequency rate by 30.60% compared with 2020. Despite this positive evolution over the years, in 2022 we had a drop back in our accident frequency (+27.79% vs 2021). The latter was mainly due to a combined effect of an increase in the number of accidents and a decrease in total hours worked. Despite the increase of accidents, the progressive reduction of Severity rate over the years has been stable.

Improvements in occupational health and safety indicators result from the safety culture approach implemented to protect everyone working at Ontex.

S4 DIVERSITY – EQUITY - INCLUSION

4.1 Definitions

Ontex strives to create a world where everyone can embrace life's many changes. To do this successfully, Ontex believes in building a culture where everyone is able to bring their best to work, are treated fairly, feel included within the organization and also feel valued for their unique perspectives and contributions. Advancing diversity, equity & inclusion is a powerful source of performance and innovation. As a personal hygiene company with a reach in 110 global markets, we also want to understand the unique challenges, needs and preferences of the people who buy and use our products and services. This is why it is essential for us that our teams are as diverse as the markets and communities we serve.

Additionally, we have an earnest aspiration to make a positive contribution to the resolution of broader societal issues, such as gender inequality. Our commitment to Diversity, Equity and Inclusion (DEI) is part of our DNA as reflected in our values, our policies (such as the Diversity Policy and Equal Opportunities Charter) and our actions. Our group's DEI strategy, which was launched in 2021, is centered around the three main pillars:

- Creating a culture of inclusion
- Advancing equity
- Gender parity

In addition, we will continue enabling our local entities to determine their most relevant DEI priorities and drive related initiatives specific to their needs, their markets and their communities.

4.2 Challenges, risks & opportunities

Women account for half of the global labor supply and about 70% of global consumption demand. Globally, only about half of working-age women are employed, and they earn only about three-quarters of what men earn, even when they have the same level of education and are in the same occupation. On its current trajectory, it will now take 135.6 years to close the gender gap worldwide. Various research proves that gender diverse teams achieve better financial and business outcomes[14]. Additionally, research shows that while diverse teams do indeed outperform and out-innovate homogenous teams, if diversity is not handled properly, they can also be significantly less effective. Inclusion & equity in the workplace is what makes diversity work.[15]

4.3 Our approach

In 2022 we continued to lay the foundations to enable successful execution of DEI initiatives across the Group. In the beginning of the year, we developed governance for DEI and appointed two Executive Sponsors, Pascal Nizette, Senior Vice President Emerging Markets, and Annick De Poorter, Executive Vice President R&D and Sustainability, whose role is to advocate for DEI internally and externally and ensure the right support and resources for the DEI initiatives. We also created a DEI Council – a group of 15 Ontex employees diverse by gender, cultural background, age, work location, job function and position level, which serves as the advisory and recommending body to the Executive Management Committee on DEI initiatives and priorities and leads specific initiatives at the group level. Most recently we also appointed DEI Champions in every major Ontex location. Their role is to ensure local implementation of the group-wide initiatives and determine local focus areas and actions.

We also begun sharing our vision for DEI with all Ontex employees during Staff Update calls and organized a more in-depth and intimate panel discussion with the then-CEO Esther Berrozpe and both Executive Sponsors for the company's management during the Extended Leadership Team meeting in October.

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14 Source: https://www.weforum.org/reports/global-gender-gap-report-2021
15 Source: https://www.kornferry.com/insights/featured-topics/diversity-equity-inclusion/the-importance-of-inclusion-in-the-workplace

Additionally, we worked to make ontex.com website more accessible for people with dyslexia and visual impairments, including better contrast and additional special features.

4.4 Our performance

Our locations continued to implement actions that correspond to the needs and realities of their communities. For example, our plant in Buggenhout, Belgium focused on optimizing the employment plan for older workers (45+). They organized information sessions for older workers as well as training sessions for people leaders to support them in conducting conversations about workable work (an environment where everyone can flourish from start to pension).

In Istanbul, Turkey the local team concentrated on providing more flexibility to employees in terms of time and space. For example, the company granted bridge holidays to connect public holidays with weekends to allow employees to take longer weekends. Besides that, all employees were given a day off on their birthdays and working parents could take a day off at the start of the school year. Additionally, everyone working in or visiting the office building could take advantage of a praying and lactation rooms and in the plant, modifications were made to the parking lot and the entrance ramp to ease the access to premises for employees with disabilities.

The team in Italy organized several dedicated trainings for employees to raise awareness about gender equality issues. As an example, one of these trainings addressed the use of written or spoken language inspired by respect and kindness toward women. Practices like this and the hard work of the local team allowed them to obtain an important Gender Equality Certification according to UNI PdR 125:2022.

The team in Segovia, Spain focused on advancing gender equality and providing more flexibility to working parents. For example, to fulfill our commitment to promote women into positions which are historically male dominated, our colleagues in Spain signed an agreement with the vocational training institutes of Segovia and Ávila to advertise these professions among women. In addition, parents of young children were given 15 days of lactation leave – one day extra to the legal minimum and a possibility to work 50% without the impact on pay for the first fifteen days of the period of adaptation to the nursery. And to support pregnant women Ontex Spain now offers a possibility to take fully paid maternity leave as of the 20th week of their pregnancy for plant-based employees and as of the 7th month for office-based employees.

With people of 20 different nationalities working side by side in one building, Paris, France is one of the most culturally diverse locations at Ontex. To celebrate their international cultures the team organized a Potluck event whereby every employee brought an edible specialty of the country or area where they come from to share with colleagues.

Turnov, Czech Republic, has been employing workers coming from Ukraine for years, but because of the war the number of Ukrainians applying for our jobs has significantly increased last year. In order to support and integrate the newcomers the team in Turnov took a number of actions, among which dedicating an info board to information for Ukrainian colleagues regarding the visa process, possibilities of accommodation, assistance center etc. They have also dedicated 9 experienced people managers from production and all HR employees to be the contact points for the employees from Ukraine in case they have questions, need help or just would like to have a listening ear. As an example of such help, they lent a company van to one of the operators so that he could pick up his family from the border with Ukraine and bring them to Czech Republic.

Ontex Brazil have been making strides reflecting on the benefits of diversity, equity and inclusion in the workplace by holding regular meetings to share examples, discuss and deep dive into this topic. During their recent meeting across different functions, they reflected on the benefits of diversity in the work environment, the differences between equity and equality, and the role of social inclusion as an instrument to make the company more diverse, inclusive and fair. The input received allowed the team to gauge employees' expectations in this area and became the basis of the strategic plan that the local leadership committed to execute.

These and many other efforts resulted in an increase in diverse representation in some areas, for example, we expanded the variety of nationalities employed by Ontex and restored the employment of people with disabilities to the level of 2020. However, we still have work to do in some other areas. For example, regretfully, we have seen a decrease in the number of women in management. However, as achieving gender parity in leadership remains an important priority for us, we are confident that we will be able to restore and further grow the share of women in leadership roles in the future.

S5 LOCAL COMMUNITY INITIATIVES

5.1 Definitions

Local societal actions are referring to volunteer activities developed by a site or at the corporate level and/or monetary or product donations. These actions or donations have a positive societal impact on at least one of the United Nations Sustainable Development Goals.

5.2 Our approach

We want to give something back to the community in which we operate as part of our way of doing business. The projects or organizations we support focus on social and/or environmental issues. Social issues are related to children, women, elderly, and victims of emergencies such as the war in Ukraine. The prioritized environmental issues are related to the protection of natural resources, climate change and education in these areas.

As a matter of policy, Ontex does not make donations to political parties or organizations.

5.3 Our performance

In 2022, we donated over 1.78 million products to vulnerable groups in 12 countries. Examples include the food bank in Puebla, Mexico, organizations that support Ukrainian refugees, the Belgian Red Cross, the LEAD charity for girls in North Carolina and premature diapers for a hospital in Karachi, Pakistan. Handover pictures of several 2022 donations can be found at https://ontex.com/sustainability/building-trust/ontex-donations-and-donation-policy/

8. EU Taxonomy reporting

CORE BUSINESS ACTIVITIES – TAXONOMY -NON-ELIGIBLE

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable economic activities.

Article 8(2) of Regulation (EU) 2020/852 requires non-financial undertakings to disclose information on the key performance indicators (KPIs) related to the proportion in their turnover of environmentally sustainable economic activities ('Taxonomy-aligned activities'), and the proportion of their capital expenditure ('CapEx') and their operating expenditure ('OpEx') related to assets or processes associated with environmentally sustainable economic activities.

As indicated in the Delegated Regulation of (EU) 2021/2178, non-financial undertakings shall disclose the proportion of Taxonomy-eligible and alignment of economic activities in their total turnover, capital and operational expenditure and the qualitative information for reporting year 2022, including comparative figures for eligibility

We have examined the Taxonomy-eligible economic activities applying the NACE codes on our activities as a producer for personal hygiene products for the reporting period 2022.

We concluded that our economic activities and hence the products we offer are not Taxonomy-eligible.

ACCOUNTING POLICIES

We determine the Taxonomy-eligible KPIs in accordance with the legal requirements and describe our accounting policy in this regard as follows:

Turnover KPI - Definition

The proportion of Taxonomy-eligible economic activities in our total turnover (i.e. consolidated revenue as presented in the consolidated income statement of the Group) has been calculated as the part of the revenue derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the consolidated revenue (denominator). The denominator of the turnover KPI is based on our consolidated revenue in accordance with IAS 1.82(a). For further details on our accounting policies regarding our consolidated revenue, see paragraph 7.1.12 of the consolidated financial statements 2022.

With regard to the numerator, we have not identified any Taxonomy-eligible activities as explained above.

Reconciliation

Our consolidated revenue can be reconciled to our consolidated financial statements, i.e. the consolidated income statement in the consolidated financial statements 2022.

Capex KPI - Definition

The Capex KPI is defined as Taxonomy-eligible Capital Expenditures ('Capex') (numerator) divided by our total Capex (denominator). With regard to the numerator, we refer to our explanations below.

Total Capex is defined as purchases of property, plant and equipment (IAS 16) and intangible assets (IAS 38) during the financial year. For further details on our accounting policies regarding our Capex, see paragraphs 7.1.6 and 7.1.7 of the consolidated financial statements 2022.

Our total Capex can be reconciled to the line item “Purchases of property, plant and equipment and intangible assets” in the consolidated statement of cash flows.

Opex KPI

The Opex KPI is defined as Taxonomy-eligible Operating Expenditure (‘Opex’) (numerator) divided by our total Opex (denominator). With regard to the numerator, we refer to our explanations below.

Total Opex consists of direct non-capitalised expenses incurred to meet the ongoing operational costs of running a business. This includes, among others, expenses relating to non-capitalised research and development, short-term and low-value leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of fixed assets (i.e. property, plant and equipment and intangible assets).

Direct costs for training and other human resources adaptation needs are excluded from the denominator and the numerator. This is because Annex I to Art. 8 Delegated Act lists these costs only for the numerator which does not allow a mathematically meaningful calculation of the Opex KPI.

Explanation on the numerator of the Capex KPI and the Opex KPI

As Ontex has not identified Taxonomy-eligible economic activities, we do not record Capex/Opex related to assets or processes that are associated with Taxonomy-eligible economic activities in the numerator of the Capex KPI and the Opex KPI.

Table proportion of Taxonomy-eligible economic activities in total turnover (%)

				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')										
Economic Activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of turnover, year 2022 (18)**	**Taxonomy-aligned proportion of turnover, year 2021 (19)**	**Category (enabling activity or) (20)**	**Category (transitional activity (21))****
		Mio€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%																	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%																	
Total (A.1 + A.2)		-	0%	0%	0%	0%	0%	0%	0%								0%	0%	0%	0%
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		2,464.5 m€	100%																	
Total (A+B)		2,464.5 m€	100%																	

Table proportion of CapEx from products or services associated with Taxonomy-aligned economic activities in 2022

				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')										
Economic Activities (1)	**Code(s) (2)**	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of CapEx, year N (18)**	**Taxonomy-aligned proportion of CapEx, year N-1 (19)**	**Category (enabling activity or) (20)**	**Category (transitional activity (21))**
		mio€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%																	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%																	
Total (A.1 + A.2)		-	0%	0%	0%	0%	0%	0%	0%								0%	0%	0%	0%
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		62.4 m€	100 %																	
Total (A+B)		62.4 m€	100 %																	

Table proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						**DNSH criteria ('Does not significantly harm')**										
Economic Activities (1)	**Code(s) (2)**	**Absolute OpEx (3)**	**Proportion of OpEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy -aligned proportion of OpEx, year N (18)**	**Taxonomy -aligned proportion of OpEx, year N-1 (19)**	**Category (enabling activity or) (20)**	**Category (transitional activity (21))**
		Mio€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%																	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%																	
Total (A.1 + A.2)			0%	0%	0%	0%	0%	0%	0%								0%	0%	0%	0%
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		121,9 m€	100 %																	
Total (A+B)		121,9 m€	100 %																	

9. Independent limited assurance report on a selection of sustainability KPI's in the Integrated annual report 2022 of Ontex Group NV

To the Board of Directors of Ontex Group NV

This report has been prepared in accordance with the terms of our engagement contract dated 12 January 2023 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with a selection of sustainability KPIs included in the Integrated Annual Report as of and for the year ended 31 December 2022 of Ontex Group NV (the "Report"), as listed in the Appendix of this assurance report.

THE DIRECTORS' RESPONSIBILITY

The Directors of Ontex Group NV ("the Company") are responsible for the preparation and presentation of the selection of sustainability KPIs for the year 2022 included in the Report, as listed in the Appendix of this assurance report (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria.

The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2022 presented in the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;
- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the Subject Matter Information. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management n°1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Related Services Engagements], and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements**.**

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Integrated Annual Report as of and for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the Criteria.

OTHER ESG RELATED INFORMATION

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

OTHER MATTER - RESTRICTION ON USE AND DISTRIBUTION OF OUR REPORT

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2022 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Diegem, 31 March 2023

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL

represented by

Marc Daelman [16]

Registered auditor

[16] Marc Daelman BV, member of the Board of Directors, represented by its permanent representative Marc Daelman

APPENDIX – SUBJECT MATTER INFORMATION

In the “Sustainability/ Non-financial statements” chapter “6.1 Consolidation environmental figures”:

- On page 201:
  - total scope 1 & 2 emissions market-based [tons CO2-equivalent]
  - total scope 1 & 2 emissions location-based [tons CO2-equivalent]
  - total greenhouse gas emissions in scope 3 [tons CO2-equivalent]
- On page 203:
  - total production waste [ton]
  - recycling index [%]
  - Waste diverted from disposal [ton]
  - Waste directed to disposal [ton]

10. GRI content index

Statement of use	Ontex has reported in accordance with the GRI Standards for the period 1 January 2022 – 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard/ other source	Disclosure	Location	Omission		
			Require-ment(s) omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organizational details	Strategic report 'About us'			
	2-2 Entities included in the organization's sustainability reporting	Sustainability statements 1.3 Reporting scope & boundaries			
	2-3 Reporting period, frequency and contact point	Sustainability statements 1.2 Reporting period, frequency & contact point			
	2-4 Restatements of information	Sustainability statements 1.3 Reporting scope & boundaries			
	2-5 External assurance	Sustainability statements 1.4 External assurance & 9. Independent Limited Assurance Report			
	2-6 Activities, value chain and other business relationships	Strategic report 'About us' Sustainability statements 4. Our value chain			
	2-7 Employees	Sustainability statements 7. Social statements			
	2-8 Workers who are not employees	Sustainability statements 7. Social statements			
	2-9 Governance structure and composition	Corporate Governance Statement (under "Board and Executive Management")			
	2-10 Nomination and selection of the highest governance body	Corporate Governance Charter (link).			
	2-11 Chair of the highest governance body	Corporate Governance Statement (under "Board Composition")			
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability statements 2.2 Organization			
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Charter (link) (section 6.4 (Relationship with the Board of Directors).			
	2-14 Role of the highest governance body in sustainability reporting	Sustainability statements 2.2 Organization			
	2-15 Conflicts of interest	Corporate Governance Statement (under "Conflicts of interest") Corporate Governance Charter (link) (section 4.6.2 (Conflicts of interest)).			
	2-16 Communication of critical concerns	[Sustainability statements 2.3.2 Grievance mechanisms			
	2-17 Collective knowledge of the highest governance body	Corporate Governance Statement (under "Competency matrix")			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Statement (under "Board review and assessments") and Remuneration Report			

GRI Standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Remuneration policy (link)			
	2-20 Process to determine remuneration	Remuneration policy (link)			
	2-21 Annual total compensation ratio	Remuneration report 9.4 Remuneration & performance evolution			
	2-22 Statement on sustainable development strategy	Sustainability statements 2.1 Ontex sustainability strategy 2030			
	2-23 Policy commitments	Sustainability statements 2.3.1 Commitments & policies			
	2-24 Embedding policy commitments	Sustainability statements 2.3.1 Commitments & policies			
	2-25 Processes to remediate negative impacts	Sustainability statements 2.3.2 Grievance mechanisms			
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability statements 2.3.2 Grievance mechanisms			
	2-27 Compliance with laws and regulations	Financial statements 7.21 Provisions & 7.29 Contingencies			
	2-28 Membership associations	Sustainability statements 1.7 Memberships & associations			
	2-29 Approach to stakeholder engagement	Sustainability statements 1.6 Stakeholder engagement			
	2-30 Collective bargaining agreements	Sustainability statements 7. Social statements			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability statements 1.5 Materiality analysis			
	3-2 List of material topics	Sustainability statements 1.5.2 Our material topics			
INDIRECT ECONOMIC IMPACTS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements S5 Local community initiatives			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainability statements 7. Social statements & S5 Local community initiatives			
	203-2 Significant indirect economic impacts	Sustainability statements 7. Social statements & S5 Local community initiatives			
ANTI-CORRUPTION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 2.3.1 Commitments & policies			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		205-1 & 205-3		Information unavailable/ incomplete
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability statements 2.3.1 Commitments & policies			
	205-3 Confirmed incidents of corruption and actions taken	-			

GRI Standard/ other source	Disclosure	Location	Omission		
			Require-ment(s) omitted	Reason	Explanation
ANTI-COMPETITIVE BEHAVIOR					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 2.3.1 Commitments & policies			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Financial statements 7.21 Provisions			
MATERIALS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements E3 Circular solutions			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability statements 6.1 Consolidation environmental statements			
	301-2 Recycled input materials used	Sustainability statements 6.1 Consolidation environmental statements			
	301-3 Reclaimed products and their packaging materials	-	301-3		Not applicable due to nature of the products.
ENERGY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements E2 Climate data 2.3 Our approach			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability statements 6.1 Consolidation environmental statements			
	302-2 Energy consumption outside of the organization	Sustainability statements 6.1 Consolidation environmental statements			
	302-3 Energy intensity	Sustainability statements 6.1 Consolidation environmental statements			
	302-4 Reduction of energy consumption	Sustainability statements 6.1 Consolidation environmental statements			
	302-5 Reductions in energy requirements of products and services	Sustainability statements 6.1 Consolidation environmental statements			

GRI Standard/ other source	Disclosure	Location	Omission: Require-ment(s) omitted	Omission: Reason	Omission: Explanation
EMISSIONS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements E2 Climate data 2.3 Our approach			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability statements 6.1 Consolidation environmental statements			
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability statements 6.1 Consolidation environmental statements			
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability statements 6.1 Consolidation environmental statements			
	305-4 GHG emissions intensity	Sustainability statements 6.1 Consolidation environmental statements			
	305-5 Reduction of GHG emissions	Sustainability statements 6.1 Consolidation environmental statements			
	305-6 Emissions of ozone-depleting substances (ODS)	-	305-6		Information unavailable/ incomplete
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	305-7		Information unavailable/ incomplete
WASTE					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements E4 Production waste 4.2 Our approach			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Sustainability statements 6.1 Consolidation environmental statements			
	306-2 Management of significant waste-related impacts	Sustainability statements 6.1 Consolidation environmental statements			
	306-3 Waste generated	Sustainability statements 6.1 Consolidation environmental statements			
	306-4 Waste diverted from disposal	Sustainability statements 6.1 Consolidation environmental statements			
	306-5 Waste directed to disposal	Sustainability statements 6.1 Consolidation environmental statements			
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 5. How we work with our suppliers			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainability statements 5. How we work with our suppliers & 5.3 Goals & performance			
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability statements 5. How we work with our suppliers & 5.3 Goals & performance			

GRI Standard/ other source	Disclosure	Location	Omission		
			Require-ment(s) omitted	Reason	Explanation
EMPLOYMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements S1 Social statements 1.2 Our approach			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability statements 7. Social statements 7.1 Consolidation social statements			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	401-2		Information unavailable/ incomplete
	401-3 Parental leave	-			Information unavailable/ incomplete
OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements S3 Occupational Health & Safety 3.3 Our approach			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability statements E7 Managements systems & 3.3 Our approach			
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability statements 3.2 Challenges, risks & opportunities & 3.3 Our approach			
	403-3 Occupational health services	-	403-3		Information unavailable/ incomplete
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability statements 7.1 Consolidation social statements			
	403-5 Worker training on occupational health and safety	-	403-5		Information unavailable/ incomplete
	403-6 Promotion of worker health	-	403-6		Information unavailable/ incomplete
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability statements 3.2 Challenges, risks & opportunities & 3.3 Our approach			
	403-8 Workers covered by an occupational health and safety management system	Sustainability statements E7 Managements systems & 7.1 Consolidation social statements			
	403-9 Work-related injuries	Sustainability statements 7.1 Consolidation social statements & 3.3 Our approach			
	403-10 Work-related ill health	-	403-10		Information unavailable/ incomplete

GRI Standard/ other source	Disclosure	Location	Omission		
			Require-ment(s) omitted	Reason	Explanation
TRAINING AND EDUCATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements S2 Talent development & 2.2 Approach			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability statements 7.1 Consolidation social statements			
	404-2 Programs for upgrading employee skills and transition assistance programs	-	404-2		Information unavailable/ incomplete
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability statements 7.1 Consolidation social statements & 2.2 Approach			
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements S4 Diversity – equity – inclusion 4.3 Our approach			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability statements 7.1 Consolidation social statements Corporate governance statements 1. Board and Executive Management – Competency matrix			
	405-2 Ratio of basic salary and remuneration of women to men	-			Information unavailable/ incomplete
SUPPLIER SOCIAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 5. How we work with our suppliers			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability statements 5. How we work with our suppliers & 5.3 Goals & performance			
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability statements 5. How we work with our suppliers & 5.3 Goals & performance			
CUSTOMER HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 3. Product safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability statements 3. Product safety			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability statements 3. Product safety			

Investor Relations and Financial Communications

OUR AIM IS TO PROVIDE RELIABLE, CONSISTENT INFORMATION ON A TIMELY BASIS ABOUT THE STRATEGY, GOALS AND PROGRESS OF ONTEX TO ALL FINANCIAL MARKET PARTICIPANTS. SINCE OUR IPO IN JUNE 2014, WE ARE CONTINUOUSLY BUILDING OUR INVESTOR RELATIONS PROGRAM.

SHAREHOLDER STRUCTURE

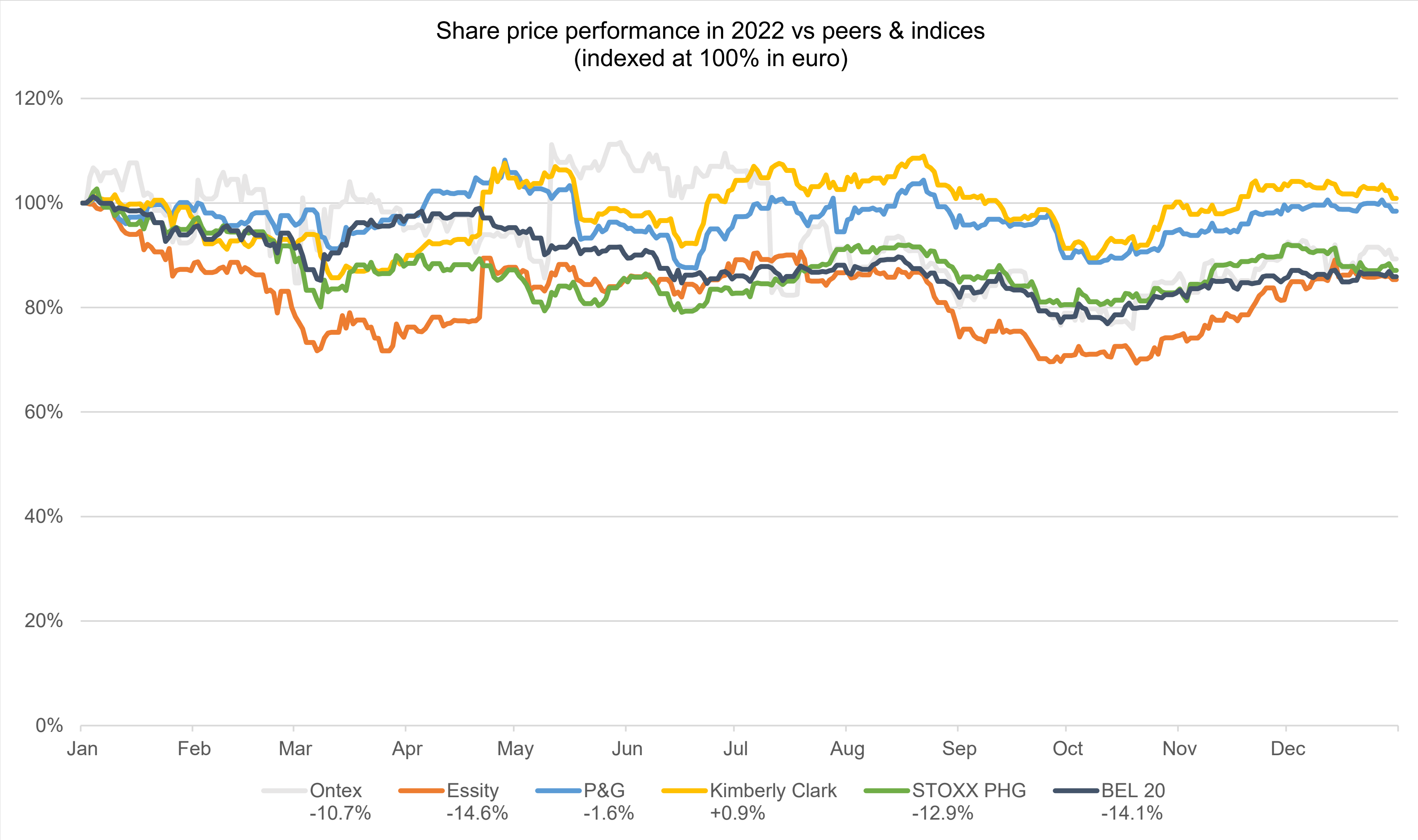
The shareholder structure of the Company on December 31, 2022,[1] was, based on the transparency declarations received by the Company, as follows:

Shareholders	Shares	%[2]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	April 20, 2021
ENA Investment Capital	12,411,999	15.07%	April 29, 2020
Guangchang Guo and Fosun International Holdings Ltd.	3,200,373	3.89%	December 31, 2022
The Pamajugo Irrevocable Trust	2,722,221	3.64%	February 29, 2016
Veraison SICAV – Engagement Fund	2,497,800	3.03%	July 20, 2021

[1] Updates subsequent to December 31, 2020 are described on our website (https://ontex.com/investors/leadership/).

SHARE PERFORMANCE

Our share is listed on Euronext Brussels. Performance of the Ontex share compared with market indices and hygienic disposable manufacturers:



FINANCIAL CALENDAR 2023-2024

Financial Calendar 2022	Date
Q1 2023	May 4, 2023
Annual General Meeting of Shareholders	May 5, 2023
Q2 & H1 2023	July 28, 2023
Q3 2023	October 27, 2023
Q4 & FY 2023	February 28, 2024

Glossary

	Description
Adjusted Profit (or Adjusted Basic Earnings)	Adjusted Profit is defined as profit for the period including EBITDA adjustments and the tax effect of these adjustments, attributable to the owners of the parent. A
Adjusted Basic Earnings per share	Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA plus EBITDA adjustments.
Adjusted EBITDA margin	Adjusted EBITDA margin is adjusted EBITDA divided by revenue.
Free Cash Flow	Free cash flow is defined as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal.
EBITDA	EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations.
Like-for-like (LFL) revenue	Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A and hyperinflation impacts.
LTM adjusted EBITDA	LTM adjusted EBITDA is defined as adjusted EBITDA generated in the last twelve months (LTM). For the period ending on December 31, this corresponds to the adjusted EBITDA of the year.
Net Financial Debt	Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents.
Net financial debt/LTM adjusted EBITDA ratio (leverage)	Net financial debt divided by Adjusted EBITDA for the last twelve months (LTM).
EBITDA adjustments	EBITDA adjustments are made for Income and expenses that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Group. These income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalized performance of the Company, and relate to: • acquisition-related expenses; • changes to the measurement of contingent considerations in the context of business combinations; • changes to the Group structure, business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories; • impairment of assets and major litigations. In the consolidated income statement these EBITDA adjustments are composed of the following items: • income/(expenses) related to changes to Group structure; and • income/(expenses) related to impairments and major litigations.
Working Capital	Working capital is calculated by adding current inventories, trade receivables and prepaid expenses and other receivables and deducting trade payables and accrued expenses and other payables.

About this Report

EACH YEAR ONTEX PUBLISHES AN INTEGRATED REPORT COVERING THE ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES THAT MATTER MOST TO US AND OUR STAKEHOLDERS. OUR LATEST REPORT WAS PUBLISHED ON APRIL 6, 2022.

THIS REPORT CONTAINS FINANCIAL AND NON-FINANCIAL INFORMATION FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022, UNLESS OTHERWISE SPECIFIED. IT ENCOMPASSES OUR OPERATIONS IN 20 COUNTRIES ON FIVE CONTINENTS AS WELL AS OUR HEADQUARTERS IN AALST, BELGIUM, WHICH TOGETHER EMPLOY ~8,800 PEOPLE. SOME MANUFACTURING SITES AND OFFICES DO NOT REPORT ALL SOCIAL OR ENVIRONMENTAL DATA, AND IN THESE CASES THE TYPE OF DATA THEY REPORT MAY DIFFER FROM SITE TO SITE. SEE THE NOTES IN SUSTAINABILITY STATEMENTS CHAPTER OF THIS REPORT.

We have used the Global Reporting Initiative (GRI) Standards (Core option) with reference to the Sustainable Development Goals (SDGs) to guide us in preparing this report. GRI is the international standard for sustainability reporting. The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets.

Disclaimer: This report may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, Ontex's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future.

This report represents the directors' report prepared in accordance with article 3.32 §1 of the Belgian Company Code. In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the report. This report has been prepared in English and translated into Dutch. In the case of discrepancies between the two versions, the Dutch version will prevail.

The Group prepares and discloses its financial statements in the European Single Electronic Format (ESEF) in Dutch and English. In addition, the Group makes available its financial statements in Dutch and English in pdf format. The Dutch financial statements prepared by the Group in the ESEF format are the only official ESEF version of the financial statements that exempt the Group from the obligations contained in the European Transparency Directive. The financial statements made available in pdf format on the Group's website, as well as financial statements prepared in ESEF format in a language other than Dutch, are therefore considered unofficial versions and translations. The official ESEF version prevails over all unofficial and translated versions. The official ESEF version of the Group's financial statements is filed on the Group's website ontex.com.

The Ontex leadership team has validated this report.

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