The everyday, made easier.

Integrated annual report 2023

Ontex

Here for you.

Contents

Our vision for Ontex

Dear shareholder,

It is our pleasure to share our 2023 annual report with you, highlighting the progress in our transformation journey. 2023 was an exciting year of strategic execution, achieved through partnering with all our stakeholders, whom we thank for their trust and support. Our focus on our Core Markets and structural transformation initiatives resulted in the further restoration of our profitability and cash position, giving us the confidence to continue the journey with the same focus.

On a transformative journey together

As we shared with you one year ago, our vision is to be the number one trusted partner for retail and healthcare brands across our product categories (baby, feminine and adult care) in both Europe and North America.

As we progressed on the execution of our strategy in 2023, we reduced complexity in our product portfolio and footprint, we increased our speed-to-market on consumer-winning innovations, we increased the efficiency of our operations and we crossed critical milestones on the strategic options for our non-core activities.

We are very pleased to report strong financial results for 2023, a direct outcome of our focused actions and initiatives, for which the entire Ontex team deserves all the credit.

In 2023, the first year of our transformation plan, we focused on accelerating our key drivers for value creation: business expansion, competitive and sustainable innovation, and best-in-class operations.

Expanding our business

We invested significantly into growing our business: winning new customers, finding growth opportunities with existing customers, and building relationships with potential new customers. Simplification means that we have ramped up efficiency and enhanced focus in everything we do, to maintain a high level of trust and collaboration from our customers.

With continued volatile raw material cost inflation, pricing continued to play an important role. Throughout 2023 we ensured that our products and services were competitively priced, while safeguarding healthy margins.

Partnering for competitive and sustainable innovations

We launched four consumer-winning innovations across our product categories in 2023, enhancing our overall product mix and positively impacting the market. We're particularly proud of product developments like Dreamshield, the baby pant with revolutionary anti-leak technology crafted by our world-class engineering team in our Global Excellence Center in Mayen, Germany. X-Core, the innovative core technology for light incontinence and Satin Sense, our latest tampon innovation, are other new products for which we're receiving very positive market feedback and that emphasize our ongoing commitment to sustainable innovation, as we continue to improve our products to reduce environmental impacts.

In 2023, we further reduced our own (Scope 1 and 2) carbon emissions, bringing a 54% reduction compared to the base year 2020.

Hans Van Bylen, Chairman of the Board
Gustavo Calvo Paz, CEO

"In 2023 we focused on accelerating our key drivers for value creation: business expansion, competitive and sustainable innovation, and best-in-class operations."

Gustavo Calvo Paz, CEO

We are proud to have received an A- rating from CDP for leadership in corporate transparency and performance on climate change for our 2023 contributions.

Best-in-class operations

In 2023, we've witnessed truly remarkable results from our cost transformation program, delivering significant structural cost savings and setting a strong foundation for sustained growth. This has been enabled by our laser-sharp focus on strategic execution and continuous improvement towards simplicity and efficiency.

At the same time, we are substantially increasing our production capacity and investing in the harmonization of our assets across Europe.

Governance evolution

Throughout 2023, we have invested further in creating a diverse workplace where everyone can deliver their best: with robust processes, simplified structures and purpose-driven incentives. For instance, reducing the size of our Board and our Executive Committee enabled faster decision-making and accelerated the execution of our strategy. At our annual general meeting last May our shareholders overwhelmingly voted in favor of a long-term incentive scheme, firmly aligning management remuneration with shareholder returns and linking short-term executive remuneration with non-financial targets (CO_2 emissions and the accidents rate).

The sustainability agenda has reached a pivotal moment for environmental responsibility and corporate accountability. Our in-house approach fosters insights, organizational learning, and risk mitigation. Engaging directly with our suppliers, we streamlined data collection and reinforced internal ownership. Beyond meeting regulatory compliance we see sustainability as an opportunity for growth and innovation. Our emphasis on short-term value creation for stakeholders serves as our compass for achieving long-term success.

On track for growth – together

Our success is founded on our people and our culture. Every Ontex team member contributes to the excellence of the execution of our strategy. The key to success is our ability to work together as a true team, starting with our renewed Executive Management team.

Our achievements are the result of the collective effort of our people, who have the drive to always strive for better and ultimately make it happen.

We support our people to ensure everyone understands and is recognized for their critical contribution to the Ontex story. This year's positive results represent a major milestone for the Group in delivering on our commitments. As the journey continues, we set our ambitions higher. The solid improvement in our financial performance and cashflow generation allows us to ramp up our investments for future growth, innovation and further efficiency gains.

2023 puts us well on track to restoring value creation for all our stakeholders.

Here for you.

Hans Van Bylen, Chairman of the Board

"This year's positive results represent a major milestone for the Group in delivering on our commitments. As the journey continues, we set our ambitions higher."

Making everyday life easier, across generations.

Since 1979 we have been on a simple mission – to partner with our stakeholders and make great quality products accessible to all. Over time we have grown into an international company in the baby, feminine and adult care categories, trusted by people of all generations, to make their everyday lives that little bit easier.

Today, we are guided by the same belief we started with - the more you care about what you do, the more successful you can become. It's our approach to life and business that allows us to showcase our passion for sustainable innovation. It also inspires us to constantly improve what we do and work with our partners to create a better future for their business, their customers and the wider world.

Ultimately, we commit to delivering the very best value and quality for all our customers and will continue to make that happen for generations to come.

Ontex. Here for you.

Our categories

...across generations

Caring for a baby is one of life's major changes and we are here to make everyday life easier for people during this exciting and sometimes challenging time. Baby care products account for about half of our business. We partner with retailers to develop baby pants and diapers, focusing on getting affordable and innovative equivalents to A-brands to market fast, which makes everyday life easier for many people. Ontex is reaping rewards from the growing consumer preference for baby pants (versus diapers), and our products in this category are a winner in the market. Our focus on efficiency helps us to keep our baby care products more affordable.

Baby care

Adult care

Many people experience various degrees of incontinence but can enjoy everyday life, thanks to the products we offer. We have more than 40 years of experience in this category and use it to help millions of people. Our products include light, medium and heavy incontinence products sold through healthcare institutions as well as retailer brands. In Europe we hold a strong position in the healthcare sector, and we have major growth ambitions in this category. In 2023, we launched our innovative X-CORE technology, a light incontinence product which offers improved protection, comfort and discretion.

Feminine care

We are also leaders in feminine care in Europe, providing a range of products including ultra-towels, fluff towels, panty liners and tampons. We believe that everyone should have access to personal care products that not only inspire confidence but also offer great value. The feminine care innovations brought to market in 2023 exemplify our focus on fast innovation delivery in our Core Markets. This is a crucial element of our strategy to become the number one partner to the retail and healthcare sectors in Europe and North America.

Our strategic priorities

In 2022, we began refocusing Ontex' strategy on Retail and Healthcare brands and strengthening our leadership in Europe and North America. Subsequently, we embarked on a transformation journey with focus on 5-pillars: customer-centricity, competitive innovation, sustainability performance, cost-efficient operations and a lean and performance-driven organization, to create value for all our stakeholders. Since then, this strategic focus continues to fuel our transformation.

Going forward, to win together with our customers, we increase investments and sharpen our focus on three value creation drivers: business expansion, competitive and sustainable innovation, and best-in-class operations. Laser focus on the execution of our strategy is enabled by our people and culture.

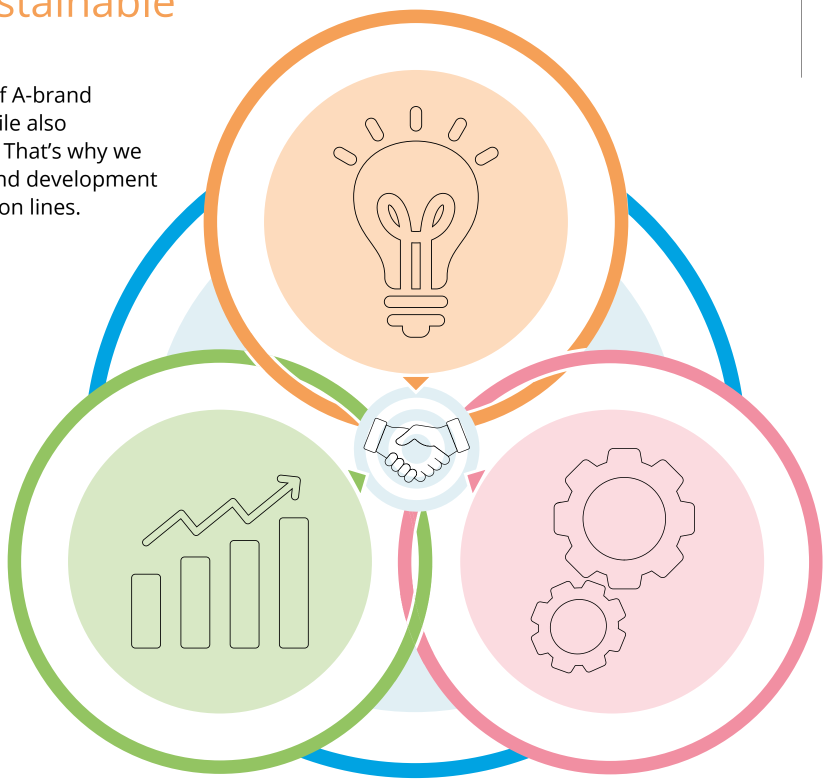
Key enabler: our people and our culture

Ultimately, it's our people that define the success of Ontex's transformation. Our success is based on that collective drive to always go together, strive for improvement and ultimately make it happen. As with every ambition or plan, execution defines the outcome. Therefore, we nurture and cherish a positive and collaborative culture, where everyone understands and is recognized for their critical contribution.

> **Read more about life at Ontex**

Competitive and sustainable innovation

Ontex aims to be the fastest provider of A-brand equivalents to our retail customers, while also developing more sustainable products. That's why we are investing significantly in research and development and technical upgrades to our production lines.



Business expansion

Our ambition is to establish strong partnerships with our retail and healthcare customers and to be their partner of choice offering a superior value proposition. In Europe we aim to further strengthen our leadership as the number one retail brands supplier and to maintain our solid number two position in the healthcare sector. We also want to strengthen our share in selected categories in which we have a strong competitive advantage.

In North America, our prime source of business expansion, we are planning for double-digit top-line growth, by upscaling our position in the market. We believe we can achieve this by partnering with top retailers to build and grow their retail brands in the North American market where these have significant potential, leveraging our unique selling proposition based on our experience in Europe.

Best-in-class operations

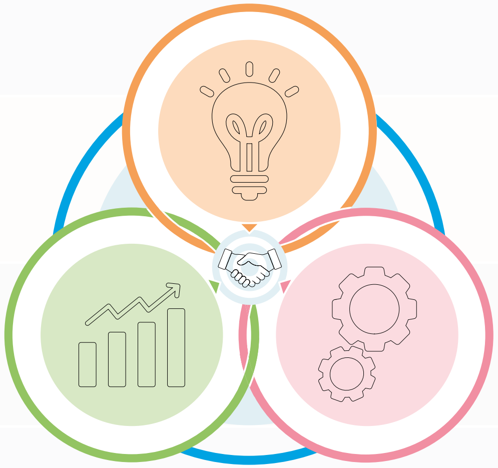
We aim to deliver operational efficiencies and excellence across the end-to-end supply chain. A major enabler for this is the overall de-complexification of our operations, including harmonization of product platforms and equipment.

How we create value

Our capital | Our input | Our business model | Our output | Our impact[1]

Our capital	Our input		Our output	
EMPLOYEES	7,500+ EMPLOYEES	25% WOMEN IN LEADERSHIP	3.52 ACCIDENTS PER MILLION HOURS WORKED	84% RETENTION RATE
MARKETS & SOCIETY	€2.3 bn RECEIVED FROM CUSTOMERS IN 110+ COUNTRIES	€1.8 bn PAID TO SUPPLIERS IN 70+ COUNTRIES	€21 m TAXES PAID	65% OF PRODUCTS WITH ECO AND/OR HEALTH LABELS
INNOVATION & IP	6 R&D CENTERS	€19 m OPERATIONAL & CAPITAL EXPENDITURE	MORE THAN 600 ACTIVE PATENTS AND APPLICATIONS	15 NEW PATENT FAMILIES
RESOURCES & ENVIRONMENT	361 GWh ENERGY CONSUMPTION OF WHICH 80% RENEWABLE ENERGY	46% RENEWABLE MATERIALS IN OUR PRODUCTS	-54% LOWER SCOPE 1-2 CARBON EMISSIONS VS 2020	-4% INCREASE SCOPE 3 CARBON EMISSIONS VS 2020
OPERATIONS	16 FACTORIES	€96 m CAPEX	+5% OVERALL EQUIPMENT EFFECTIVENESS (OEE) IMPROVEMENT	21 bn HYGIENE ITEMS PRODUCED
FINANCIAL CAPITAL	€665 m NET FINANCIAL DEBT	€626 m MARKET CAPITALIZATION	€223m ADJUSTED EBITDA	€9 m FREE CASH FLOW (AFTER FINANCING)

Our business model:



Our impact:

EMPLOYEES	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY
MARKETS & SOCIETY	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
INNOVATION & IP	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
RESOURCES & ENVIRONMENT	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND
OPERATIONS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND
FINANCIAL CAPITAL	1 NO POVERTY; 5 GENDER EQUALITY

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 on page 17 and in the sustainability statements of this report.

Our achievements

Employees

In 2023, Ontex teams transformed from resilience to strength. Executive roles merged, new talent was recruited, and executive short-term remuneration was linked more directly also to non-financial targets, emphasizing ESG and safety. Performance initiatives focused on uplifting workplace capabilities as well as launching a global Pulse survey and a role-modelling program for the Ontex PRIDE Values by the company leadership and peer-nominated Pride Values Champions.

> Read more

Markets & society

Ontex won new contracts in our healthcare channel and with retailers. In North America, new inhouse capacity is leveraging data for a competitive edge. Customer segmentation fueled our innovation and successful product developments.

> Read more

Innovation

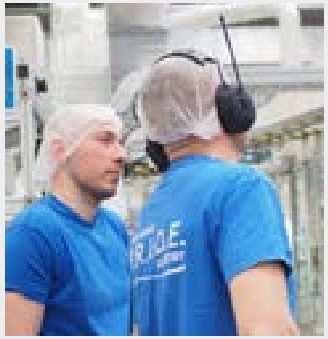
We are going back to the basics, focusing on bringing affordable equivalents to A-brands to market fast, making everyday life easier for many people. Our innovation and r&d teams spearheaded innovations in each Ontex category (Baby Care, Feminine Care and Adult Care), which were met with great enthusiasm by our customers. Adult pants, utilizing X-CORE technology, proved both convenient and budget-friendly. Successful developments, including the ConfiDaily panty liner and DreamShield pants, showcased Ontex's ongoing commitment to innovation and leadership.

> Read more

Resources & environment

We create value through sustainable innovation. Our sustainability targets are mapped across four topics: climate action, circular solutions, building trust, and a sustainable supply chain. Initiatives include reducing emissions in our operations and across the value chain, adopting sustainable packaging, and cutting landfill waste. Integrating ESG considerations is hard-wiring sustainability into our business practices.

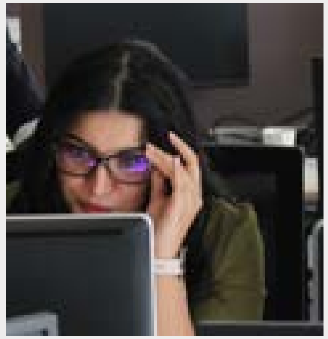
> Read more



Operations

Ontex optimized its supply chain, leveraged economies of scale, simplified procurement operations, streamlined warehouse operations, and seamless collaboration between the supply chain and r&d functions. The cost transformation program delivered €91 million in gross savings in the Total Group, a simplified product portfolio, improved Overall Equipment Effectiveness (OEE), SAP transition in North America, and ongoing investments in productivity amid inflation.

> Read more



Financial

Core Markets revenue reached €1,795 million, +10% like-for-like, driven by volume growth in selected categories and pricing. This brought €174 million of adj. EBITDA achieving an average margin of 9,7%. The adj. EBITDA improved for six consecutive quarters benefiting from growth and relentless execution of the cost transformation program. Adding the solid delivery from discontinued operations in Emerging Markets, the free cash flow of the Total Group turned positive. Moreover, supported by the divestment of our Mexican business, we strengthened our balance sheet with a leverage ratio declining to 3.3x.

> Read more

Employees

Highlights

In 2023, we've evolved from resilience to optimism and confidence, thanks to providing clarity on the direction of our company and our increased emphasis on collaboration between our more than 7,500 employees. By working together, we have built up our teams' joint capabilities and delivered excellent results.

In May 2023, the proposal to link a significant part of the short-term executive remuneration with non-financial targets (CO2 emissions and the accidents rate) was approved by our shareholders with more than 95% of the votes cast. The shift towards our focus on what creates value for our stakeholders in the short term, is our guide towards long-term success.

In 2023, local compliance manager roles moved from hr to finance. Despite this change, hr managers continue to play a crucial role in ensuring that people not only live the organization's values but are also comfortable in speaking up. Positive recognition of ethical behavior is on the rise: cases reported through our compliance system have gone up overall, while problematic cases have gone down.

Ontex strives for a safety culture that protects all our workers. Occupational safety is a high priority. In 2023, we reduced our accident rate by 31% compared with 2020, and by almost 7% compared with 2022. Further reduction of the accident rate is a top priority for 2024 and beyond. Read more in the Occupational Health and Safety section of the Sustainability Statements in this report.

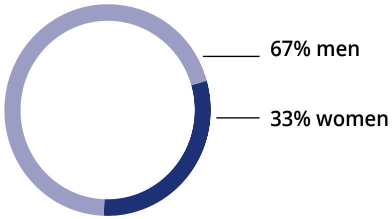
Performance

- Ontex actively invests in creating awareness and moving towards gender parity. For example, we monitor gender neutrality during the annual performance review process and organize information sessions on the gender pay-gap. Ensuring that our performance calibrations are gender-neutral is very important to us.
- Capability uplift is at the core of our ambition to build a lean and performance-driven organization,
- In December 2023 we launched our Pulse survey: a user-friendly global survey that allows us to take the pulse of the entire organization regularly as part of our cultural change program. The survey offers the opportunity for feedback and dialogue and is a first step to further building a workplace where everyone feels engaged and energized.
- In 2023, we also launched our global PRIDE Values Champions program. Everyone at Ontex was asked to nominate colleagues and teams that exemplify our values.

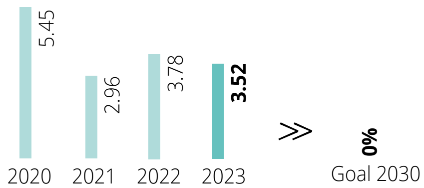
Jonas Deroo, Chief HR and Legal Officer and Secretary General

"2023 was a year of building strength and performance in our teams. We will continue this in 2024, making our teams even stronger and more collaborative, for even better results."

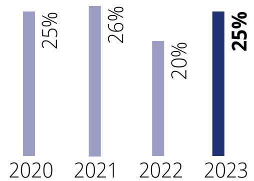
EMPLOYEE GENDER



ACCIDENT RATE PER MILLION HOURS WORKED



WOMEN IN LEADERSHIP



2023 PRIDE Values Champions

Our PRIDE values (Passion, Reliability, Integrity, Drive and Everyone) define what we stand for at Ontex. We care deeply about our work, because we believe that this is directly linked with job satisfaction and successful outcomes. In 2023, we re-emphasized the importance of our PRIDE values with a set of dedicated activities. Leading by example matters; that's why our leadership teams kickstarted the program with a commitment to role-model these behaviours. To maintain focus and truly bring this culture to life, our executive management committee (EMC) and executive leadership team (ELT) engage in an ongoing process. We expect to roll out this program to more leaders throughout Ontex.

We followed through by organizing the first edition of an annual awards ceremony to recognize outstanding Ontex employees and teams who demonstrate these values in their everyday work: our PRIDE Value Champions!

Launched in July 2023, the process began with an invitation for each Ontex employee to nominate a colleague (or team) from any part of the business, in any job role for demonstrating PRIDE Value behaviors. This resulted in more than 600 nominations from all layers and regions of the group.

In October 2023, we hosted a special awards ceremony in Spain, where our six PRIDE Champions were put in the spotlight. Their direct colleagues and the leadership team shared their appreciation for the remarkable contribution to Ontex' culture.

Congratulations once again to the six 2023 PRIDE Value Champions: Naomi Gill, Jeff Nance, Aurélie Salsarulo, GEC Lab Team Mayen, AMU2 Buggenhout, and Sao Paolo International Merchandising team.

Markets & society

Highlights

We made significant progress in restoring profitability in Europe in 2023, although not yet returned to pre-Covid and inflation crisis levels. The operating environment remains complex: shifting from inflation to deflation and involving various category changes across countries and channels. Building on the learnings from 2021 and 2022, we have established a sustained competitive position and won new contracts in the healthcare channel.

As part of our simplification agenda, we are using a customer segmentation strategy, tailoring offerings and innovations to specific customer groups. This implies that we involve customers in innovation development at an early stage. The result is particularly successful product developments, such as our upgraded Dreamshield baby pants, an innovative barrier solution for small-sized open diapers, and a new tampon, SatinSense, with a superior experience for the consumer.

In North America, the strongest source of growth for Ontex, we are uniquely positioned as the only company with bi-coastal manufacturing capacity. This strategic advantage ensures lean, cost-efficient operations and reliable supply for our customers. As we scale up, we're also cultivating strong, long-term partnerships with top retailers in the region.

Paul Wood, President North America Division

"We leverage Consumer-packaged goods (CPG) data analytics and thought leadership in our collaboration with retailer partners, treating their private brands as if they were our own."

Performance

- Revenue from Core Markets was €1,795 million in 2023, a 10% like-for-like improvement, driven by price increases. In adult care revenue growth was 16%, with strong growth in the healthcare channel. Baby care revenue grew 5% and feminine care 9%, both on pricing.
- Implementing our strategy means refocusing on Core Markets, engaging more deeply with customers and suppliers, and updating our approach towards competitive categories.

Our progress is evidenced by positive customer feedback and survey results. Our customers say they are excited to see a more engaged and future-oriented outlook from us.

- 2023 was a very strong year for Ontex in our healthcare channel in Europe. We solidified our number two position and won new contracts in several countries. There is continued budget and cost pressure on healthcare customers, so our success in 2023 shows that we have a competitive offering to assist healthcare institutions during these difficult times.
- Implementing our strategy has also meant making tough decisions. In 2023, we discontinued our baby diaper subscription business as it did not align with the core strategy. There were significant and valuable learnings but ultimately it was not in line with our value creation ambition.
- In the US market, we're leveraging data analytics to enhance our competitive advantage. Our investments in data acquisition and analysis allow us to gain valuable insights into shopping patterns and consumer preferences. This approach fosters a partner-oriented, consumer-driven, and relationship-based way of working.

Data-driven market analysis in North America

In today's fiercely competitive business landscape, data analysis is integral to success, particularly in the fast-moving consumer goods sector. At Ontex, we strategically invest in data utilization to fortify our competitive edge. By discerning similarities and nuances in the data between European and U.S. retailers, we gain critical insights into product performance, demand forecasts, and market dynamics in North America—similar to industry norms among Consumer-packaged goods (CPG) companies.

Our commitment to customer centricity drives our in-house data capacity expansion, enabling tailored product offerings and enhancing customer satisfaction. This approach, embraced by forward-thinking U.S. retailers, fosters partnerships, consumer-driven strategies, and sustainable growth.

Innovation

Highlights

We are going back to the basics, focusing on bringing affordable equivalents to A-brands to market fast, which makes everyday life easier for many people. Our Innovation and R&D teams spearheaded innovations in each Ontex category (Baby Care, Feminine Care and Adult Care).

Our innovation strategy is built upon four elements that are the cornerstones of our success:

- the pursuit of the fastest A-brand equivalent.
- a commitment to cost-conscious product design, by focusing on cost-effective components and construction during product design without jeopardizing consumer and customer value.
- the unification of our efforts through product platforms, with the emphasis on simplification as this will help us to create speed in industrialization.
- a relentless dedication to more sustainable product design for all our product categories, prioritizing the reduction of plastics and greenhouse gas emissions.

Competitive innovation drives Ontex's value creation, focusing on making everyday life easier for many people across four key pillars: fast equivalent to A-brands, cost-conscious design, product platforms, and sustainable product design.

Speed to market is of the essence and our acceleration program relies on 3 pillars: focus, organizational structure and ways of working and strong cross-functional collaboration. Taking ownership and assuming accountability are paramount to ensure success.

In order to create focus we changed the innovation and R&D organization with the aim to

Annick De Poorter, Chief Innovation and Sustainability Officer

"We are focused on partnering with our customers to achieve great results. We have a positive spirit, we are all working towards the same goal, and we are resilient. You really cannot buy that."

create the right focus and install end-to-end responsibilities per product category. We enhanced our integrated innovation process and installed a new design and development process that strengthens customer-centricity by involving top customers. Ontex aligns innovation with customer needs while maintaining competitive edge and accountability throughout its organization.

Cross-category meetings foster collaboration with suppliers, enriching the internal innovation management system. By prioritizing product safety, service, quality, price, and sustainability, Ontex aligns innovation with customer needs while maintaining competitive edge and accountability throughout its operations.

Performance

Faster innovation, including fast-follow innovation, is part of Ontex's vision to be the number one partner to the retail and healthcare sectors in Europe and North America, and this ambition is supported by our R&D teams and the capacities of the Global Excellence Center in Mayen, Germany.

In 2023, we improved the processes behind our innovation efforts, simplifying the R&D organization and the innovation processes with full focus on our 3 product categories, to allow us to leverage our profound expertise when partnering with our customer to develop innovations that ultimately make everyday life easier for millions of people, across generations.

Decomplexification enables us to roll out innovations at scale and in line with our strategic priorities. For example, harmonizing our machine technology enables faster industrialization of our innovations and accelerates speed to market. It brings more interchangeability across our production lines, which helps us improve our service level to customers. Harmonizing our product platforms also reduces complexity: meaning less changeover, higher run-ability, and higher output per line.

New personal care products were developed in each of our product categories. An innovative core for adult disposable pants improves performance thanks to its channeled X-CORE technology, meeting consumers' needs for protection, comfort and discretion. Launched in December 2023, our latest tampon innovation SatinSense is a product offering an unprecedented level of comfort. In Europe, Ontex has developed the ultimate daily liner: ConfiDaily, a source of great pride for the product development team at Ontex.

Strategy in action: the power of collaboration

Our commercial teams, in partnership with R&D, are working to simplify our product portfolio while safeguarding our customer relationships. This endeavor also involves our supply chain, quality, and operations teams to ensure adaptation of our production processes and assets to the decomplexified portfolio. Our aim is to uphold the service levels and quality standards agreed upon with our customers while mitigating any increase in production costs. This collaborative effort is already bringing tangible results today and promises continued success in the future.

Moreover, the optimization of our product portfolio has spurred our procurement team to review our supplier contracts for non-woven materials, a critical raw material in our products. Simplifying our portfolio has led to more standardization in non-woven materials, enabling us to procure at a larger scale from fewer suppliers. This consolidation has led to improvements in product quality, customer service and operational efficiency. Additionally, this optimization positively impacts our production teams by reducing the need to switch raw materials frequently during the production process.

This is just one of many examples highlighting how our cross-departmental collaboration is leading to high-impact outcomes across the Ontex Group.

Resources & environment

Highlights

Sustainable innovation is a top- and bottom line value creation driver at Ontex, as much of our sustainability efforts are linked to the choice of raw materials and innovation. Our **2030 Sustainability Strategy** sets out a common agenda for all Ontex units with goals in four key areas: climate action, circular solutions, building trust, and sustainable supply chain.

In 2023, we conducted a comprehensive double materiality assessment. As a result, we are in the process of updating our Sustainability Strategy and goals to align with the findings of the assessment. The updated Sustainability Strategy will be published in the course of 2024.

As part of our ongoing commitment to sustainability and responsible business practices, we have integrated environmental, social, and governance (ESG) considerations into our short-term incentive plan. To measure our ESG-related performance, key indicators include greenhouse gas emissions (scope 1-2-3) and accident frequency rate.

Ontex sustainability topics at a glance

Climate action
- -80% Scope 1-2 carbon emissions by 2030 (vs 2020)
- 100% Renewable electricity by 2030
- -25% Scope 3 emissions by 2030 (vs 2020)

Circular solutions
- 100% sustainable packaging by 2025
- Advance sustainable products
- Pilot end-of-life solutions
- Zero production waste to landfill

Building trust
- Zero occupational accidents
- Achieve gender parity in leadership

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

Laurent Nielly, President Europe Division

“We are seeing an increase in backlash against greenwashing. Our Sustainability Strategy is framed by a fact-based multiyear journey and focused on elements that we believe we can impact on a meaningful scale. We are making changes not only to comply with regulations, but because we’re committed to being part of the solution.”

Performance

- In 2023, Ontex further reduced Scope 1 and 2 emissions bringing a 54% reduction compared to the base year 2020. Additionally, Ontex reduced its Scope 3 emissions with 4% versus base year 2020. Ontex is proud to have received an A- rating for leadership in corporate transparency and performance on climate change for its 2023 contributions.
- We're delighted to have earned a place on CDP's 2023 Supplier Engagement Leaderboard, in recognition of our efforts to measure and reduce climate risk within our supply chain.
- Ontex is actively working to enhance the environmental profile of its packaging. In 2023, we increased the share of recycled content in our packaging to 20%.
- In 2023, 95% of our wood-based raw materials came from certified or controlled sources falling just 5% short of our 100% target. The share of products with an eco- or health-label has also jumped from 48% in 2022 to 65% in 2023 in part due to our efforts in actively promoting certifications among our client base.
- Ontex continues to partner with Woosh to make diaper recycling a reality in Ontex's home country of Belgium. This ensures ongoing learning and design with recycling in mind for the innovation teams.

Read more about Ontex's commitments in our sustainability statements

Environment

- Climate change: Section 6
- Resource use and circular economy: Section 7
- Microplastics: Section 8
- Water: Section 8
- Biodiversity and ecosystems: Section 8

Social

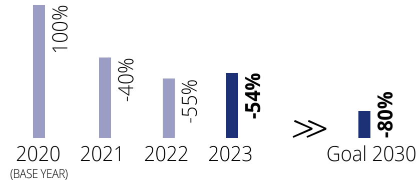
- Own workforce: Section 9
- Occupational health & safety: Section 9
- Local community initiatives: Section 9
- Workers in the value chain: Section 10
- Consumer safety: Section 11

Governance

- ESG Governance: Section 2
- Business ethics: Section 2
- Stakeholder engagement & double materiality: Section 4-5
- EU Taxonomy, GRI table: Section 15

As a leading company in personal care products, Ontex plays an important role in contributing to the achievement of the UN Sustainable Development Goals. We focus on goals 1, 3, 5, 12, 13 and 15, as this is where we have our expertise and can make the greatest contribution.

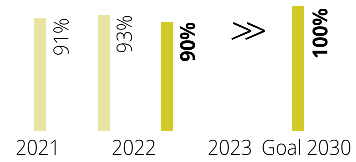
SCOPE 1-2 EMISSIONS



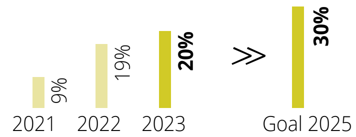
- 54%
Scope 1-2 emissions in 2023 vs base year 2020

-4%
Scope 3 emissions in 2023 vs base year 2020

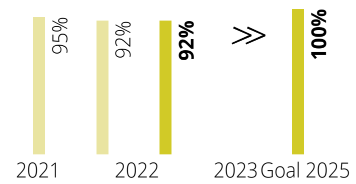
RENEWABLE ELECTRICITY



PLASTIC BAGS WITH RECYCLED CONTENT



RECYCLING INDEX MANUFACTURING WASTE



6 plants
with solar panels

Sustainability in action: Dourges, France

Our factory in Dourges, France, which produces adult incontinence products, reduced its waste volume by 21% in 2023. The Dourges Team of more than 200 people set measurable and ambitious targets, including a comprehensive roadmap towards sustainability, more stringent scrap reduction goals, and metrics for waste reduction and reuse.

The skills enhancement program for operators and the organization includes distribution of a quality book and instructional videos, tutor support, live scrap results displayed on TV screens along production lines, and the implementation of new waste labels on bins to promote better waste sorting practices. The campaign on scrap and raw materials entails initiatives at both individual production lines and across the entire factory, targeting specific materials. Celebrating European Waste Reduction Week in December 2023 also contributed to raising awareness onsite.

Under the waste reduction program, an ongoing partnership with a waste treatment company is aimed at zero-landfill for production waste, in line with Ontex's Sustainability Strategy. Waste data (APIs) have been implemented, using the supplier's software, to help better manage our waste production and efficiently sort cardboard and plastic waste.

Operations

Highlights

In 2023, we ramped up the investment in our operations, allocating €96 million, equal to 4.1% of revenue in early 2023, rising to 4.7% by the end of 2023, exceeding 5% for Core Markets. Most investments target operational efficiency and business expansion in Core Markets.

In 2023, our cost transformation program delivered €91 million in structural savings, of which €72 million in our Core Markets, reducing our operating cost base by about 5% for a second consecutive year. Our supply chain is central to this achievement because it's critical for cost-efficiency. Levers range from procurement to logistics and everything in between. For example, in procurement this means leveraging the economy of scale, and the ongoing process of simplification. We're reducing the number of suppliers, optimizing machinery, and standardizing our customer proposal so that we can provide a customizable retail brand portfolio while reducing costs.

In production, we further optimized our network by reducing the number of warehouses (by three in 2023). This improves our operations and also narrows our local focus, which accelerates the transfer of best practices in the same asset category between sites.

A major accomplishment of 2023 is the heightened collaboration between the supply chain and R&D teams, allowing us to deliver cost-savings and improve design to value.

Every new product or qualification involves increasingly tight coordination across the R&D, quality and industrialization teams. Our processes have been fine-tuned for optimal efficiency and have been implemented in every plant.

There have been many challenges associated with our industrial transformation this year, but the team has risen to the challenge and delivered great results.

Marco Querzoli, Chief Supply Chain Officer

"When I first joined Ontex, I told my team that I would like to think of us as an orchestra. An orchestra is not about any one instrument, but how everyone plays together in a symphony. We work together on common objectives: one voice, one team."

Performance

- The cost transformation program delivered over €91 million in gross savings, equivalent to approximately 5% operational cost base reduction.
- Reducing complexity is a strategic decision. Already we've simplified our product portfolio, a crucial step in our journey to improve service levels, as well as innovation speed and cost. This enhanced efficiency spans the entire value chain, benefiting manufacturing, procurement, and supply chain processes alike.
- An outstanding achievement in Q4 2023 was our reduction of scrap levels and improvement of our Overall Equipment Efficiency (OEE).
- We've recently completed the transition to the SAP enterprise resource planning platform in all our North America operations, meaning that all teams are now on the same platform. This will enable us to better leverage the standardisation of processes supported by the system and hence presents a great opportunity for us moving forward.
- Our engineering group is working on change management with a phased approach to faster machine production and bringing different generations of machines up to the same production level.
- Cost transformation is based on simplicity and focus, sometimes resulting in decisive action. At our Global Excellence Center in Mayen, Germany, we intend to no longer assemble our own machinery and switch to partnering with a third party. This different way of working required a lot of change management and leverage internal knowhow and external capabilities.
- Sustaining our productivity efforts amid continued inflation requires investments in new capabilities and tools. There is a rising cost to unlock productivity, as all low-hanging productivity fruit has been picked. Now, the challenge is to keep pace in a very competitive environment and offset costs.

Trust and transparency: how our products are made

Ontex has a long tradition of product innovation, and with that comes considerable inhouse expertise. As a reliable and effective partner for our business customers, we develop our innovations with the clear ambition to be fast and to make our products more accessible and more sustainable.

We invite customers to join our innovation journey through live demonstrations. Instead of slide presentations, we offer hands-on showcases of how our diapers are made. Numbered tables display materials, and we walk partners through the process. This transparency reflects our commitment to being reliable collaborators. This openness around our production process is founded on our belief that care can drive change and success, and it reconfirms our commitment to be the most reliable partner for our customers.

Financial

Highlights

2023 ended with an adjusted EBITDA in Core Markets of €174 million and Total Group of €223 million, marking six consecutive quarters of improvement for Ontex. This is a key outcome from the first year of execution of our three-year strategic plan and proves that our efficiency, innovation and expansion strategic actions are paying off.

Thanks to our cost transformation program and further profitable business growth, we anticipate that the adjusted EBITDA margin will continue to improve towards a range of 11% to 12% in 2024. In our Core Markets we expect revenue to grow by low single digit like-for-like, supported by strong double-digit like-for-like growth in North America. In these challenging times of inflation, now turning for some input costs in deflation, sales prices will be actively managed to secure our profit margins.

We managed to turn the free cash flow (after financing) positive to €9 million while at the same time stepping up the investments to €96 million. In 2024, we will accelerate our strategy by an investment level of more than 6% of Core Markets' revenues but are self-funding this since we expect the free cash flow to further improve. This will unlock important value creation for our stakeholders.

We managed to restore a strong financial position. Leverage nearly halved over the year from 6.4x to 3.3x, and we expect the net debt as compared to the adjusted EBITDA of the last twelve months to further reduce by year-end 2024 to below 3.0x. Furthermore, a significant liquidity buffer secures our financial resilience. We continue focusing on deleveraging by free cash flow generation and executing the divestment program of discontinued operations in Emerging Markets.

Geert Peeters, Chief Financial Officer

"I absolutely love the good vibe and passion in the Ontex team - and I feel blessed to be able to present the strong financial results of 2023. All key figures moved significantly in the positive direction."

Performance

- Adjusted EBITDA of Core Markets increased to €174 million, up 67%, thanks to volume mix improvement of €5 million and the cost transformation program delivering €72 million, which reduced the operating cost base by 5% for a second consecutive year. Pricing contributed to offsetting additional input costs, SG&A inflation and adverse forex impact. The adjusted EBITDA margin rose to 9.7%, up 3.5 percentage points. The operating profit recovered to €88 million, compared to a loss of €(69) million a year ago.
- Profit for the year of the Total Group was €35 million, €27 million from continuing operations (Core Markets) and €8 million from discontinued operations (Emerging Markets). Basic earnings per share thereby turned positive at €0.43 representing a significant turnaround since 2020.
- Free cash flow of the Total Group turned positive at €9 million, compared to €(115) million in 2022, with EBITDA growth enabling further investments in the Group's transformation.
- Net financial debt of the Total Group reduced by 23% in 2023 and over the year to €665 million, including the net proceeds received from the leverage ratio improved from 6.4 times at the start of the year to 3.3 times at the end of 2023.

CORE MARKETS REVENUE

€1.8bn
+10% YOY LFL

CORE MARKETS ADJ. EBITDA MARGIN

9.7%
+3.5ppYOY

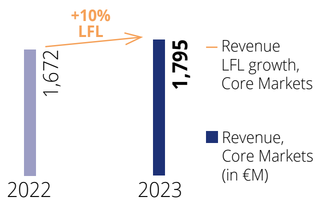
TOTAL GROUP FCF [1]

€9m
vs €(115)m
in 2022

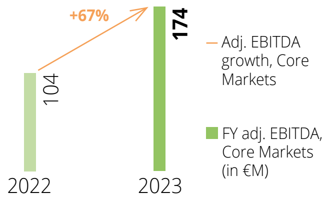
TOTAL GROUP LEVERAGE

3.3x
vs 6.4x
in December 2022

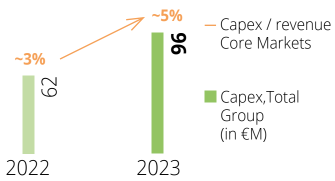
SOLID REVENUE GROWTH



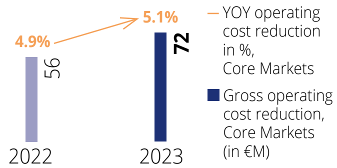
STRONG ADJ. EBITDA IMPROVEMENT, CORE MARKETS



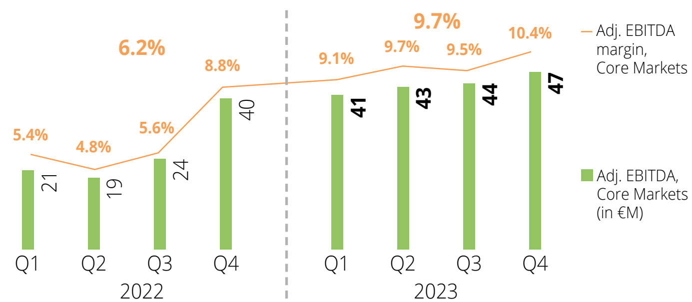
STEPPING UP THE INVESTMENT LEVEL



MAINTAINING 5% OPERATING COST REDUCTION



6TH CONSECUTIVE QLY ADJ. EBITDA IMPROVEMENT



1 Free Cash Flow after financing cash-out.

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 (HTTPS://CORPORATEGOVERNANCECOMMITTEE.BE/EN/).

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 2023 CORPORATE GOVERNANCE MATTERS

The Company remains fully committed to upholding "best-in-class" corporate governance principles, which it believes form an important catalyst for the accelerated realization of the Company's ongoing turnaround. The Company continues to focus, 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 in the Remuneration Report that forms part of it).

In 2023, the composition of the Company's Executive Committee underwent a number of changes. The following senior managers joined the Company and its Executive Committee:

- Mr. Paul Wood was appointed to the role of President of the North America division;
- Mr. Marco Querzoli was appointed to the role of Chief Supply Chain Officer, replacing Mr. Vincent Crepy, who left the Company in May 2023; and
- Chilibri BV, permanently represented by Mr. Geert Peeters, was appointed to the role of Chief Financial Officer, replacing NestVision BV, permanently represented by Mr. Peter Vanneste, who left the Company at the end of September 2023.

Finally, Ms. Stephanie McDonald, who acted as Chief HR Officer until 1 February 2023, left the Company. She was succeeded in her role by Mr. Jonas Deroo, who took up the role of Chief HR Officer in addition to his role of Chief Legal Officer within the Executive Committee.

The Company's annual shareholders' meeting of May 5, 2023 approved the Company's revised Remuneration Policy with a 96.7% majority of votes cast. The revised Remuneration Policy aims to strongly incentivize management to accelerate the realization of the Company's ongoing turnaround by further strengthening the alignment of executive rewards and shareholder returns. The key changes made to the Remuneration Policy are summarized in the Remuneration Report.

ESG continues to be a fundamental element of the Company's strategy. Building upon previous achievements, in 2023, Ontex was awarded an exceptional 'A-' rating for its leadership in corporate transparency and climate change performance by the Carbon Disclosure Project (CDP), a globally recognized environmental non-profit. This rating places Ontex within the top 6% of all respondents to the Carbon Disclosure Project's survey and underscores its commitment to environmental stewardship. Ontex received this rating, among others, as a result of reducing Scope 1 and 2 emissions by 54% in 2023 (relative to 2020) and sourcing of 100% renewable electricity for its European operations. In addition, Ontex remains strongly committed to its Sustainability Strategy 2030, which includes ambitious, quantified targets and a clear roadmap, which can be found in the Sustainability Statements of this report.

Lastly, the Company continues to invest in shareholder engagement. Building on its earlier corporate governance roadshows, the Company conducted multiple in-depth discussions with investors and proxy advisors through a corporate governance roadshow in early 2023. In addition, throughout the year, the Company maintained a dynamic dialogue and alignment with investors and other stakeholders.

AMBITION GOING FORWARD

The Board reconfirms the Company's strong ambition to be an example in corporate governance matters, as it sees this as an important value driver for the business. The Board remains committed to continuing 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 focused, among others, on Board composition and size, Board and Executive Committee succession planning and CEO and Executive Committee assessment and development. This led, among others, to the reduction of the size of the Board from 12 to nine members. In 2023, the Board focused, among others, on succession planning of the Executive Committee. The Board also decided to launch an in-depth Board assessment process with the assistance of an executive advisory firm.

The Company's efforts in the area of corporate governance were recognized in December 2023 by the Belgian Corporate Governance Commission, which informed the Company that it fully complied with the 2020 Corporate Governance Code on the basis of its annual report for financial year 2022.

In 2024, the Board will continue its proactive efforts in the aforementioned areas and will ensure that the Company continues to uphold the high standards of corporate governance that it has set for itself.

1. Board and Executive Management

1.1. BOARD COMPOSITION

On December 31, 2023, the Board was composed as follows:

Name	Mandate Board	Other board mandates per December 31, 2023	Mandate since	Mandate expires
ViaBylity BV, permanently represented by Hans Van Bylen	Chair, Independent Director	Etex, Lanxess, AkzoNobel	2020	2024
Ebrahim Attarzadeh	Non-Executive Director	PGS	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, Ter Wind Invest NV	2014	2026
Michael Bredael	Non-Executive Director	Upfield Group BV, Canyon Bicycles GmbH, Affidea	2017	2025
Isabel Hochgesand	Independent Director	World Procurement Leaders, Word Cocoa Foundation, Matilda AG	2021	2025
HVV GmbH, permanently represented by Jesper Hojer	Non-Executive Director	Everli, Tom&Co	2021	2025
MJA Consulting BV, permanently represented by Manon Janssen	Independent Director	Gimv, Puratos, Ecorys	2021	2025
Paul McNulty	Independent Director		2022	2026
Rodney Olsen	Non-Executive Director	Mary Crowley Cancer Research	2021	2025

The Board counts nine members, five (or 55.56%) of whom are independent directors.

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

Further details on the changes to the composition of the Board are detailed in chapter 1.2 of this Corporate Governance Statement.

The biographical information, skills and experience of each member of the Board as at December 31, 2023 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, 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 also chairs the Company's Remuneration and Nomination Committee. Mr. Van Bylen, formerly CEO of Henkel, 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.

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 and asset management. He was CEO of Mainfirst Bank AG and CEO and Head of Equities of Stifel Europe Bank AG until end of 2021. Prior to that he held other positions at Deutsche Bank and Arthur Andersen. Currently, Mr. Attarzadeh is the Co-Founder and Chairman of Callirius AG, a sustainable finance company.

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 also chairs the Company's 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 NV, Euroclear Investments NV and Euroclear NV), chair of the board of directors at QRF City Retail, chair of the board of directors at Econopolis (Econoholding NV, Econopolis NV, Econopolis Wealth Management NV) and independent director at Ter Wind Invest NV. In addition, Ms. Boets is the owner and manager of La Scoperta BV.

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 in 2003 before joining the BNP Paribas Group in 2007. Mr. Bredael held various investment banking positions at BNP Paribas, 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, Canyon Bicycles GmbH and Affidea, as a representative of Groupe Bruxelles Lambert.

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 a C-level executive with extensive experience in the fields of general management, sustainability and professional services, in both the private and 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 addressing societal challenges in public policy. In addition, she advises the Dutch and Belgian governments as well as private companies in the field of sustainability, the energy transition and climate change. She is also 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.

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. Ms. Hochgesand is Chief Procurement and Hazelnut Company Officer at Ferrero, located in Luxemburg. Prior to that, Ms. Hochgesand was Chief Procurement Officer at Beiersdorf AG and held various senior roles in various countries worldwide at Procter & Gamble, most 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. Ms. Hochgesand serves on the advisory boards of World Procurement Leaders, Word Cocoa Foundation, and Matilda AG.

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 boards of director of Tom&Co and Everli.

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 competencies that have been identified as important, 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 2023

The composition of the Board underwent no substantive changes during 2023. The annual shareholders' meeting of May 5, 2023 confirmed the co-optation of HVV GmbH, with Jesper Hojer as permanent representative, as Non-Executive Director for the remaining term of the mandate of JH GmbH, with Jesper Hojer as permanent representative, i.e., a period which will end immediately after the annual shareholders' meeting that will consider the approval of the annual accounts for the financial year ending on December 31, 2024.

1.3. BOARD RESPONSIBILITIES AND ENGAGEMENT

The individual attendance rate of the Board meetings during 2023 was as follows:

Name	Board Attendance[1]	Attendance Rate
ViaBylity BV, permanently represented by Hans Van Bylen	8/8	100%
Ebrahim Attarzadeh	8/8	100%
Inge Boets BV, permanently represented by Inge Boets	8/8	100%
Michael Bredael	8/8	100%
Isabel Hochgesand	7/8	87.5%
HVV GmbH, permanently represented by Jesper Hojer	8/8	100%
MJA Consulting BV, permanently represented by Manon Janssen	5/8	62.5%
Paul McNulty	8/8	100%
Rodney Olsen	8/8	100%

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

During 2023, the Board met eight times, with an attendance rate of 94.44%. The agenda of the Board meetings included, among others:

- oversight of the Company's operational and financial performance;
- oversight and approval of the Company's value creation projects and ongoing M&A processes;
- oversight and approval of the repayment of the Company's term loan and the refinancing of its revolving credit facility;
- review and approval of the Company's annual budget and review of its medium and long-term strategy and business plan;
- oversight, and (where appropriate) approval, of the matters falling within the competences of the Remuneration and Nomination Committee (including certain changes in the composition of the Executive Committee, and matters in the area of human capital management (people, organization, reward, health & safety, diversity, equity and inclusion)); and
- oversight, and (where appropriate) approval, of the matters falling within the competences of the Audit and Risk Committee (including internal controls and internal audit, tax, compliance and litigation, information security, and ESG compliance and reporting).

1.4. BOARD REVIEW AND ASSESSMENTS

The Board regularly organizes review and assessment processes focused on certain selected matters. In the course of 2022, the Board focused, among others, on Board composition and size, Board and Executive Committee succession planning and CEO and Executive Committee assessment and development. This led, among others, to the reduction of the size of the Board from 12 to nine members. In 2023, the Board focused, among others, on succession planning of the Executive Committee. The Board also decided to launch an in-depth Board assessment process with the assistance of an executive advisory firm.

1.5. BOARD COMMITTEES

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 of 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, 2023, 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
Paul McNulty	Independent Director
ViaBylity BV, permanently represented by Hans Van Bylen	Independent Director

During 2023, the Audit and Risk Committee met seven times. The attendance rate was 100%, as shown in the table below.

Name	Meetings attended [1]	Attendance rate
Inge Boets BV, permanently represented by Inge Boets	7/7	100%
Michael Bredael	7/7	100%
Rodney Olsen	7/7	100%
Paul McNulty	7/7	100%
ViaBylity BV, permanently represented by Hans Van Bylen	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.

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. The Audit and Risk Committee reviewed the external and internal audit plans, the half-year and full-year financial statements and the external review on the half-year and full-year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates, the key risks (including applicable internal controls, risk management and related processes), and the ESG agenda of the Company. As part of its task to monitor and oversee the efficacy of the internal controls and risk management and risk management processes, the Audit and Risk Committee also oversees, among other matters, information security risks.

With respect to its roles and responsibilities, as further described in the Company's Corporate Governance Charter, the Board formally tasked the Audit and Risk Committee with the oversight of the Company's Environmental, Sustainability and Governance ("**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 have the necessary expertise in the field of remuneration.

On December 31, 2023, 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
Ebrahim Attarzadeh	Non-Executive Director
Isabel Hochgesand	Independent Director
HVV GmbH, permanently represented by Jesper Hojer	Non-Executive Director
MJA Consulting BV, permanently represented by Manon Janssen	Independent Director

During 2023, the Remuneration and Nomination Committee met six times. The attendance rate was 96.66%:

Name	R&N Committee Meetings Attended [1]	Attendance Rate R&N Committee
ViaBylity BV, permanently represented by Hans van Bylen	6/6	100%
Isabel Hochgesand	5/6	83.33%
HVV GmbH, permanently represented by Jesper Hojer	6/6	100%
MJA Consulting BV, permanently represented by Manon Janssen	6/6	100%
Ebrahim Attarzadeh	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 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. Its roles and responsibilities are further described in the Company's Corporate Governance Charter.

During 2023, the Remuneration and Nomination Committee's work included the following topics:

- reviewing performance and remuneration of the Executive Committee members with respect to financial year 2022;
- determining 2023 targets for the short-term and long-term incentive schemes (see Remuneration Report);

- reviewing the Company's Remuneration Report with respect to financial year 2022;
- revising the Company's Remuneration Policy (as submitted to, and approved by, the annual shareholders' meeting on May 5, 2023);
- changes within the Executive Committee (as described in this Corporate Governance Statement);
- succession and leadership assessment and development of the Executive Committee;
- Board and Board member assessment and succession planning; and
- review of various "People & Organization"-related matters with respect to the Group, including matters related to culture, talent development and succession planning.

1.6. EXECUTIVE MANAGEMENT

The composition of the Executive Committee on December 31, 2023 is shown in the table below:

Name	Position per December 31, 2023
Gustavo Calvo Paz	Chief Executive Officer
Chilibri BV, permanently represented by Geert Peeters	Chief Financial Officer
Annick De Poorter	Chief Innovation and Sustainability Officer
Jonas Deroo	Chief HR and Legal Officer and Secretary General
Laurent Nielly	President Europe division
Marco Querzoli	Chief Supply Chain Officer
Paul Wood	President North-America division

Changes in 2023

In 2023, the following senior managers joined the Company and its Executive Committee:

- Mr. Paul Wood was appointed to the role of President of the North America division;
- Mr. Marco Querzoli was appointed to the role of Chief Supply Chain Officer, replacing Mr. Vincent Crepy, who left the Company in May 2023; and
- Chilibri BV, permanently represented by Mr. Geert Peeters, was appointed to the role of Chief Financial Officer, replacing NestVision BV, permanently represented by Mr. Peter Vanneste, who left the Company at the end of September 2023.

Finally, Ms. Stephanie McDonald, who acted as Chief HR Officer until 1 February 2023, left the Company. She was succeeded in her role by Mr. Jonas Deroo, who took up the role of Chief HR Officer in addition to his role of Chief Legal Officer within the Executive Committee.

The following table sets 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.

GEERT PEETERS
Chief Financial Officer

Mr. Geert Peeters brings relevant experience in the domains of business transformation in a retail environment and operational and cash efficiency. The Board appointed Geert Peeters as Chief Financial Officer of Ontex, with effect from December 1, 2023. Before joining Ontex, Geert Peeters was Group CFO at Greenyard. He built up vast experience through finance director roles at companies such as Metallo Group (currently Aurubis) and management consultancies such as PriceWaterhouseCoopers.

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 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
Chief Innovation and Sustainability Officer

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.

MARCO QUERZOLI
Chief Supply Chain Officer

Mr. Marco Querzoli joined Ontex in August 2023. Mr. Querzoli has extensive expertise in supply chain and procurement matters and has experience leading large multinational teams.

PAUL WOOD
President North America Division

Mr. Paul Wood joined the Executive Committee of Ontex in the role of President North America on April 1, 2023. Mr. Wood brings vast experience of general management and commercial leadership having worked for several large fast-moving consumer goods companies including Frito Lay, Heinz, Samsung and most recently as the Chief Commercial Officer for Church & Dwight.

Functioning of the Executive Committee

The powers of the Executive Committee include the operational management and organization of the Company. The Executive Committee is responsible for developing or updating on a yearly basis the overall strategy and business plan of the Company, as well as its budget for the following year, and submitting it to the Board for approval. The Executive Committee also monitors the implementation of the overall strategy and business plan of the Company, and supports the CEO in the day-to-day management of the Company and the exercise of his responsibilities. Further, the Executive Committee prepares the Company's financial statements, presents accurate and balanced evaluations of the Company's financial situation to the Board and provides the Board with the information it needs in order to properly fulfil its duties. The Executive Committee is also responsible for 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 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.

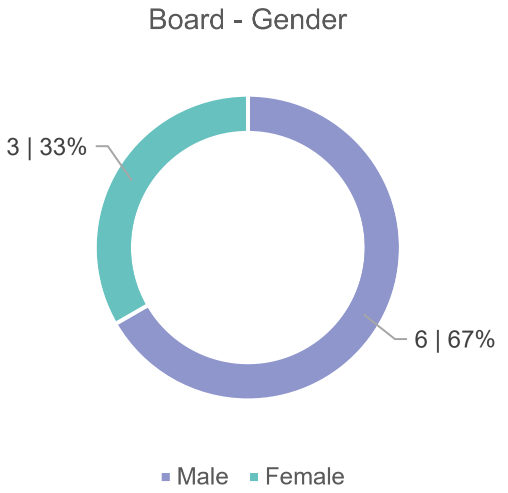
During 2023, as a general rule, the Executive Committee met on a weekly basis and discussed, among others, the following topics:

- strategic review and implementation;
- financial and operational performance;
- Ontex’s organizational model and people-related matters;
- Ontex’s Sustainability Strategy 2030;
- internal controls and compliance; and
- various operational matters.

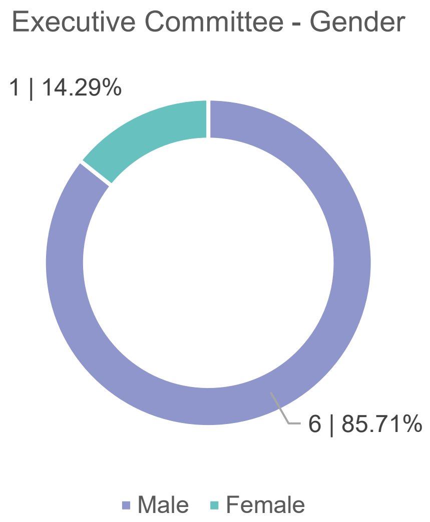
1.7. DIVERSITY WITHIN THE BOARD AND EXECUTIVE COMMITTEE

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

In 2023, the Board was composed of 9 directors, 3 of which were women: Ms. Inge Boets (as permanent representative of Inge Boets BV), Ms. Manon Janssen (as permanent representative of MJA Consulting BV) and Ms. Isabel Hochgesand. The three 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 January 1st, 2024, Ontex's Executive Committee counted one female member out of seven, or 14%.



2. Share capital, shareholders and investor engagement

2.1. SHARE CAPITAL AND CAPITAL EVOLUTION

At December 31, 2023, 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, 2023, 16,355,865 shares of the Company were registered shares and the remainder were dematerialized shares.

As set out in more detail in the Remuneration Report, between January 1st, 2023 and December 31, 2025, the Company's annual long-term incentive program is temporarily suspended for the CEO and the other members of the Executive Committee (as well as for certain other members of the Company's senior management). Instead, in 2023, the CEO and other members of the Executive Committee (in addition to certain other members of the Company's senior management) received a one-time grant of performance shares covering financial years 2023, 2024 and 2025. These performance shares do not confer any shareholder rights prior their vesting. Upon vesting, the Company shall deliver to beneficiaries either existing shares of the Company, newly issued shares of the Company or a combination of both. A more detailed description of this incentive program is set out in the Company's Remuneration Report and Remuneration Policy.

The Remuneration Report provides an overview of the performance shares, restricted stock units and stock options which were granted in 2020 and which vested in 2023.

On December 31, 2023, 1,199,429 of the Company's own shares 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 January 23, 2023, the Company received a transparency declaration confirming that, on December 31, 2022, Mr. Guo Guangchang and Fosun International Holdings Ltd. held 3,200,373 voting securities or voting rights in the Company, representing 3.89% of voting securities, thereby crossing upward the threshold of 3%. On January 11, 2024, the Company received a transparency declaration confirming that, on January 9, 2024, such position had crossed downward the threshold of 3%.

On March 20, 2023, the Company received a transparency declaration confirming that, on March 15, 2023, the Groupe Bruxelles Lambert SA detained 16,454,453 Ontex voting securities or voting rights, representing 19.98% of voting securities, unchanged versus the latest declared position dating from April 20, 2021.

On May 24, 2023, the Company received a transparency declaration confirming that, on May 19, 2023, Black Creek Investment Management Inc. detained 2,483,000 Ontex voting securities or voting rights, representing 3.02% of voting securities, thereby crossing upward the threshold of 3%.

On August 2, 2023, the Company received a transparency declaration confirming that, on July 31, 2023, Veraison SICAV – Engagement Fund detained 2,467,800 Ontex voting securities or voting rights, representing 2.99% of voting securities, thereby crossing downward the threshold of 3%.

We refer to our website for transparency declarations received after December 31, 2023.

2.3. SHAREHOLDER STRUCTURE

Based on the transparency declarations received by the Company, the shareholder structure of the Company on December 31, 2023[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
Mr. Guo Guangchang 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
Black Creek Investment Management Inc.	2,483,000	3.02%	May 19, 2023

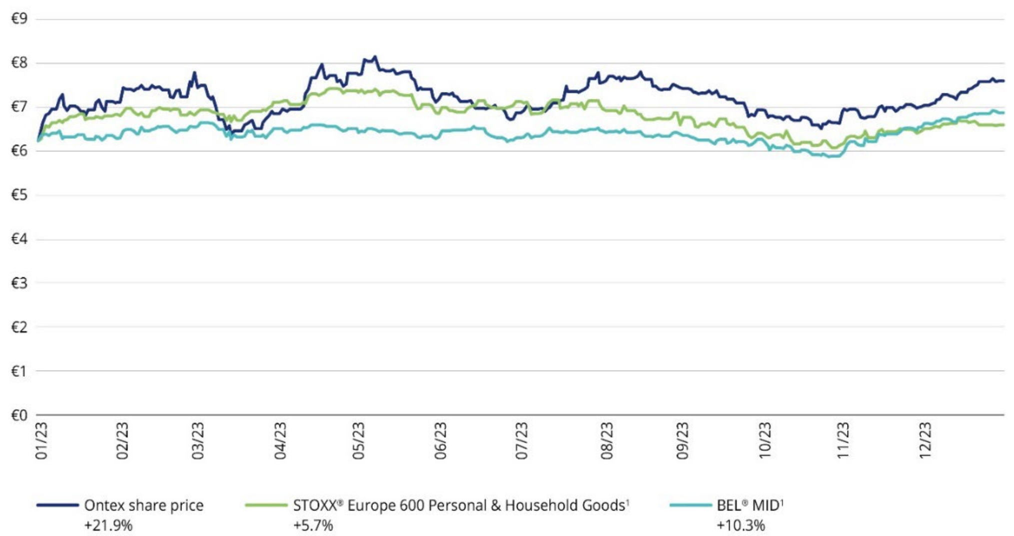
[1] Updates subsequent to December 31, 2023 are described on our website (https://ontex.com/investors/shareholder-resources-center/).

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

[3] On January 11, 2024, Mr. Guo Guangchang and Fosun International Holdings Ltd. declared that, on January 9, 2024, their position had crossed downward the threshold of 3%.

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

2.4. INVESTOR ENGAGEMENT & SHARE PERFORMANCE



Early 2023, the Company conducted a corporate governance roadshow, reaching out to major investors and proxy voting agencies. Following its results publications, the Company set up pubic conference calls to explain results and respond to financial analyst and investor questions. During the course of the year, the Company organized several meetings with financial analysts and investors. These were held virtually and in person in Belgium, France, the Netherlands, Switzerland, Spain, the United Kingdom and the United States.

The Company's share price evolved positively over the year, gaining 21.9% to reach €7.61. This compares positively versus the BEL® Mid index of Euronext Brussels, which rose 10.3%, and the sector index STOXX® Europe 600 Personal & Household Goods, which rose 5.7%. On Euronext stock exchange 29.4 million shares of the Company were traded in 2023, representing 36% of the total amount of shares issued by the Company. This compares to 64% in 2022, reflecting an overall reduction of liquidity in the equity market, especially for mid- and small-cap companies.

[1]Evolution relative to the Ontex share price

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, 2023 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 long-term incentive schemes are either newly issued or existing ordinary shares in the Company with all rights and benefits attached to such shares. A more detailed description of the Company's long-term incentive plans 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 Company complies with this recommendation. 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 5, 2023, the Company's extraordinary shareholders' meeting renewed the authorization to the Board with respect to authorized capital under certain conditions. The Board may increase the share capital of the Company in one or several times by a maximum of up to (i) €82,358,746.64 in the event of a (or multiple) capital increase(s) with cancellation or limitation of the preferential subscription rights of shareholders, including in favour of one or more specified persons that are not members of the personnel of the company or its subsidiaries and (ii) €164,717,493.28 in the event of a (or multiple) capital increase(s) without cancellation or limitation of the preferential subscription rights of 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 5, 2023.

3.9. ACQUISITION OF OWN SHARES

On May 5, 2023, the Company's extraordinary shareholders' meeting renewed the Board's authorization with respect to the acquisition of own shares subject to the conditions set forth below.

The Company may, without any prior authorisation of the shareholders' meeting, and the Board is authorised to, take as pledge and acquire, on or outside of the stock exchange, its own shares, profit-sharing certificates and associated certificates up to a maximum of 10% of each of the outstanding shares, profit-sharing certificates and associated certificates of the Company for a price that is not more than 5% above the highest closing price on Euronext Brussels during the last 30 trading days preceding the transaction, and not more than 10% below the lowest closing price on Euronext Brussels during the last 30 trading days preceding the transaction, in accordance with the provisions of the Belgian Code of Companies and Associations where applicable. This authorisation is valid for a period of five years starting on the date of the publication in the Annexes to the Belgian Official Gazette of the amendment to the Company's articles of association resolved upon by the Company's extraordinary shareholders' meeting of May 5, 2023. The authorisation may be renewed in accordance with the relevant provisions of the Belgian Code of Companies and Associations.

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. The proceeds were used for the refinancing of existing indebtedness and for general corporate purposes. In May 2023, the term loan of €220,000,000 was repaid in full. The Company also reached an agreement with the lending banks to extend the maturity of the revolving credit facility to December 2025. The maximum amount available under the extended revolving credit facility is increased to €269,100,000 until June 2024 and thereafter reduces to €242,500,000.

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.

3.11. 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).

In 2023, the conflict of interest procedure, prescribed by article 7:96 of the Belgian Code of Companies and Associations, was applied on one occasion: HVV GmbH, represented by Jesper Hojer, indicated that it had a potential conflict of interest regarding a consultancy agreement to be entered into between HVV GmbH, as consultant, and the Company. An excerpt of the resolutions of the board of directors of the Company, dated December 18, 2023, is included below:

"*First, Jesper Hojer, as permanent representative of HVV GmbH, declared a potential financial conflict of interest, within the meaning of article 7:96 BCAC, with the proposal that the Company enters into the Consultancy Agreement with HVV GmbH, and pursuant to which HVV GmbH will provide certain advisory and consultancy services to the Company from time to time until 31 December 2025 (and as may be extended by subsequent one-year periods upon mutual agreement). Jesper Hojer, as permanent representative of HVV GmbH, noted that the expected time commitment of HVV GmbH for the consultancy services is five hours per month, and the proposed consideration payable by the Company to HVV GmbH for the services is a fixed fee of EUR 30,000 (excl. VAT) on a yearly basis, to be invoiced in equal monthly instalments (in addition to customary reimbursement of expenses). Any additional services, outside of the fixed fee arrangement, agreed between the Company and HVV GmbH shall be rendered by HVV GmbH at an hourly rate of EUR 750 (excl. VAT).*

Finally, Jesper Hojer, as permanent representative of HVV GmbH, noted that, as per article 7:96 BCAC, he did not, and shall not, participate to any deliberations or vote of the Board on these resolutions.

The Board acknowledges that article 7:96 BCAC is proposed to be applied insofar and to the extent applicable, and that article 4.6.4 of the Company's Corporate Governance Charter also requires the Board's approval of the Consultancy Agreement. Article 7:96 BCAC requires the Board to (i) set forth the nature of the relevant decision or transaction and the financial implications thereof for the Company, and (ii) justify its decision (in accordance with the Company's interest).

In response thereto, reference is made to the Consultancy Agreement and the descriptions in the preceding paragraphs. The Board agreed that it is in the corporate interest of the Company to enter into the Consultancy Agreement and, consequently, give the Company the benefit of the expertise of Jesper Hojer (through HVV GmbH) in the areas of consumer goods and retail sectors on certain discrete projects or questions. The Board also agreed that the annual fixed fee of EUR 30,000 (excl. VAT) is an arms' length consideration for the requested services, and the same applies to the EUR 750 (excl. VAT) hourly rate for any additional agreed services.

(…)

After due and careful deliberation, the Board then unanimously resolved to approve the following resolutions:

(1) to approve the Consultancy Agreement;"

5. Related Party Transactions

During 2023, 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.

The Board has opted for 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 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 equity stake in the Company equivalent to one time the Non-Executive Director’s fixed fee, and to maintain 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

Ontex operates a risk management and internal 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).

Ontex 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. It is a key competence of the Audit and Risk Committee to monitor the effectiveness of Ontex's systems for internal controls and its risk management processes, as well as the effectiveness of Ontex's internal audit function and processes. The Audit and Risk Committee regularly advises and reports on these matters to the Board. The practical implementation and periodical revision of these controls and processes are managed on a day-to-day basis by the Executive Committee and all other employees with managerial responsibilities.

The risk management and control system set up within Ontex aims to achieve, among others, the following goals:

- achievement of Ontex's objectives;
- achieving operational excellence;
- ensuring correct and timely financial reporting;
- compliance with all applicable laws and regulations;
- compliance with policies and objectives set by management; and
- safeguarding of company assets.

8.2. CONTROL ENVIRONMENT

8.2.1. Three lines model

Ontex 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 responsible for 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. The second line actors provide guidance and direction and develop a risk management framework. Ontex's compliance function focuses on, among others, communicating and training on Code of Ethics and other compliance 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.

8.2.2. Policies, procedures and processes

Ontex 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 chapters, which include policies on anti-bribery, anti-money laundering and fair competition), the Quality Management System and the internal Delegation of Authorities ruleset. The employees are regularly informed and trained on these subject matters in order to stimulate risk management and control at all levels and in all areas of the organization.

8.2.3. Group-wide ERP system

Most Ontex entities use the same group-wide ERP systems, which are managed centrally. These systems embed the roles and responsibilities defined at 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 by the Company.

8.3. RISK MANAGEMENT

Sound risk management starts with identifying and assessing the risks associated with Ontex's business and external factors. Once the relevant risks are identified, Ontex strives to prudently manage and minimize such risks. At the same time, Ontex acknowledges the existence of ordinary business risks and implements 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 Ontex are accountable on a continuous basis for the timely identification and qualitative assessment of the risks within their area of responsibility. In addition to the continuous input to risk assessment, a periodic review is conducted with the Executive Committee. As an outcome of the periodic review, the identified risks are prioritized based on their inherent impact and the vulnerability of Ontex to these risks. Additionally, the Executive Committee conducts deep-dives into certain topics, including climate change and other sustainability-related risks. These assessments delve into the potential impacts of sustainability matters, including climate change, on our operations, supply chain, and broader business environment. Our sustainability statements serve as critical references for sustainability risks, by providing insights into our mitigation strategies, resilience measures, and long-term sustainability goals. By incorporating sustainability (including climate change) risks into our risk management framework, we enhance our ability to proactively identify, assess, and manage emerging threats associated with sustainability matters. The Audit and Risk Committee has assumed responsibility for monitoring sustainability-related risks, amongst other ESG-risks.

Ontex 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 effects of risks on Ontex Group's ability to achieve its objectives. These control activities are embedded in Ontex's key processes and systems to assure that the risk responses and Ontex'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 of Ethics. 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 (or at any other time when a specific matter requires *ad hoc* reporting) towards the Executive Committee and the Audit and Risk Committee, which in turn reports to the Board. 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

Ontex recognizes the importance of timely, complete and accurate communication and information, both top-down as well as bottom-up. Ontex has 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 aims to ensure that internal control systems operate effectively.

The quality of Ontex's risk management and internal 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 focuses 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 (which in turn reports to the Board) and shared with Internal Audit.
- Audit and Risk Committee / Board. The Audit and Risk Committee and the Board 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 and the Board, 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 Ontex is assured by means of a Finance and Accounting Manual.

On a quarterly basis, a bottom-up financial 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 Ontex ensures a consistent flow of information, which allows the detection of potential anomalies. Ontex'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, and approved by, the Executive Committee and the Board, and this calendar is announced to the external stakeholders on the Company's website. 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/financial-calendar/.

8.8. RISK MANAGEMENT AND INTERNAL CONTROL WITH REGARD TO SUSTAINABILITY

At Ontex, we recognize the critical importance of sustainability reporting as we ensure that our operations are aligned with our environmental, social, and governance (ESG) objectives. Our commitment to transparency and accountability necessitates robust risk management and internal control procedures throughout the sustainability reporting process.

To ensure the accuracy and integrity of our sustainability reporting, we have integrated findings from comprehensive risk assessments into our internal functions and processes. Risk management and internal controls are applied as set out below:

- Sustainability risk assessment: Our sustainability team conducts periodic risk assessments, which complements the risk management process described in section 8.3 above, to identify and evaluate potential risks associated with our sustainability reporting process. These assessments consider factors such as regulatory changes, stakeholder expectations, and emerging sustainability trends. More detailed information about the risk assessment framework for sustainability related risks can be found in section 5 and 6 of the Sustainability statements.
- Action plans for key risks: Based on the results of the risk assessments, action plans are developed to address key sustainability risks. These plans outline specific measures to mitigate risks and enhance the reliability of our sustainability data and disclosures.
- Internal collaboration and accountability: Collaboration between various internal functions is essential to ensure the effectiveness of our sustainability reporting process. Our sustainability team collaborates closely with departments such as operations, finance, and compliance to integrate sustainability considerations into their respective areas of responsibility.
- Validation and verification processes: Rigorous validation and verification processes are implemented to ensure the accuracy and completeness of sustainability data. Internal controls are in place to verify the integrity of data sources, conduct data quality checks, and reconcile discrepancies. Internal Audit plays a crucial role in validating and verifying sustainability data by conducting audits focused on the internal controls embedded in the sustainability processes. These audits assess the effectiveness of internal controls designed to mitigate sustainability risks, ensure compliance with relevant standards and regulations, and promote the reliability of sustainability disclosures.
- Clear communication and documentation: We maintain clear communication channels and documentation procedures to facilitate transparency and accountability in our sustainability reporting process. Standardized reporting protocols and documentation requirements are established to guide employees in fulfilling their responsibilities.
- Continuous improvement and adaptation: Our approach to risk management and internal control is dynamic and responsive to evolving sustainability challenges and opportunities. We regularly review and update our processes in light of new developments, stakeholder feedback, and best practices in sustainability reporting.

By integrating risk management and internal controls into our sustainability reporting process, we enhance the reliability and credibility of our disclosures, strengthen stakeholder trust, and advance our commitment to sustainable business practices.

8.9 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 going 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.

8.9.1 Contextual risks

8.9.1.1 Political instability

Ontex operates on a global scale, and, as a result, is subject to risks associated with such global operations. Existing or future instability in some of the countries in which we operate may constrain the way we do business (e.g. as a result of ambiguous legislation, unpredictability of courts or governmental bodies, or administrative hurdles). 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 periodic business review meetings, an assessment of the various macroeconomic and geopolitical situations that are relevant for Ontex takes place and remedial actions are discussed.

In certain cases, our global presence may allow us to remediate local country risk to a certain extent by leveraging our other operations (e.g. producing from another location).

To manage the risk of our operations in Russia , a dedicated operating model was put in place which is aimed at safeguarding compliance with the evolving applicable regulations on economic sanctions. This model includes an investment stop as well as a stop on exports from Russia to other Ontex entities.

8.9.1.2 Competition

Across its footprint, Ontex is active in landscapes with intense competition from branded product manufacturers and retailer brand manufacturers. Action and reaction from the different players in the competitive environment may trigger market shifts and reactions, and affect Ontex's market share and margins. Furthermore, our customers frequently (re-)tender their business, which may allow Ontex to generate additional contracts but also entails the risk of contracts being lost to competitors. Ontex is also exposed to the risk that alternative products, solutions or business models meeting evolving customer needs would replace Ontex's product portfolio, which could jeopardize Ontex's position in the markets in which it operates.

Risk management

Our ambition is to be the number one partner of choice for retail and healthcare brands. This ambition must be supported by excellence in service and quality levels. We consistently strive 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.

One of our fundamental strengths lies in the diversity of our customer base. We serve clients across a wide spectrum of industries and geographies, selling products to over 80 countries globally. This diversified portfolio acts as a buffer against fluctuations in any single market or sector, mitigating the impact of competitive dynamics in specific regions or industries. Furthermore, we balance our customer portfolio by not being overly dependent on a handful of clients. Our top 10 customers collectively account for approximately 35% of our total core business. This balanced distribution ensures that our revenue streams are not overly reliant on any single client relationship.

8.9.1.3 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) online ‘Speak Up!’ Web platform.

8.9.2 Operational risks

8.9.2.1 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. Additionally, Ontex needs to manage the potential impact of inflation on other elements such as transport, labor, energy.... Ontex is faced with managing contracted prices which may or may not have adjustment mechanisms. Furthermore, customers may expect lower prices when inflation declines, adding another layer of complexity to Ontex’s pricing strategies and market dynamics. At the same time, Ontex aims to preserve its margins by, among others, implementing continuous cost savings and operational improvements across its operations, but also by working on innovation and product mix to deliver expected value to its customers.

Risk management

Ontex is organized around a “fast-escalation” process regarding cost inflation and pricing towards customers. This process involves pricing discussions both internally and towards suppliers and customers, with the aim of introducing flexible pricing mechanisms towards its customers. Ontex’s prices and margins are monitored centrally based upon continuous input collected from our sales and controlling teams and shelf-price tracking, among other measures.

In the course of 2024, we will continue to finetune our approach to decrease the time lag between raw material or other cost changes and our own price changes, and to improve our execution success ratio by revising our approaches to pricing. Additionally, we have planned to review our approach toward institutional healthcare customers with the aim of being more agile in case of heavy fluctuations in input costs.

8.9.2.2 Information security and privacy

We are increasingly reliant on IT systems and data management to run our business. There is a risk of disruption of our IT systems and that sensitive data may be compromised by leakage of information (from within our organization or by third parties), malicious cyber-attacks or technology failures. 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 our assets, impact our competitive position or investor confidence. It could also have a negative impact on our reputation.

Risk management

During 2023, we remained committed to further strengthening our information security and privacy measures, recognizing and understanding the growing reliance on IT systems and the potential risks posed by cyber threats and data breaches. Our cyber teams responded adeptly to the evolving threat landscape, enhancing the capabilities of the Cyber Security Operations Centre (CSOC) and deploying advanced AI-based solutions for threat prevention and detection.

Our firm commitment to information security is demonstrated by various security related certifications and accreditations, including ISO27001, Cyber Essentials, Cyber Essentials Plus, Data Security Protection certification (DSPT), and PCI-DSS certification. Regular external auditing and IT penetration tests are aimed at ensuring the effectiveness of our security measures.

We place a strong emphasis on empowering our employees with comprehensive information security training. Our global training programs, integrating both traditional and AI-based tools, aims to increase employee awareness and readiness in effectively mitigating cyber risks.

We are focused on the key areas outlined in our long-term information security and privacy roadmap, including enhanced technology protection within plants and improved continuity through a global backup and recovery solution. We also remain vigilant for emerging threats, such as those presented by both AI and the changing geopolitical landscape.

Looking ahead to 2024 and beyond, Ontex has developed a roadmap that focuses on several areas, including significant cultural enhancement programs, supply chain security improvements, and the continued advancement of its security posture through strategic initiatives in AI technologies. We also underscore the importance of completing our ISO27001:2022 certification across all countries in which this has not yet been done.

Continuous assessment and enhancement of our security measures remain central to our strategy as we adapt to evolving market dynamics and security threats.

From a governance perspective, our information security and privacy roadmap is endorsed by the Executive Committee. As part of its monitoring of internal control and risk management processes, the Audit and Risk Committee receives periodical updates on information security and privacy risks, processes and action plans. This includes an annual comprehensive update to the Audit and Risk Committee, complemented with "*ad hoc*" updates as the need arises. The Audit and Risk Committee reports on these matters to the Board.

8.9.2.3 Product innovation

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

Risk management

Innovation is one of the key strategic pillars at Ontex. We strive to develop and deliver the right product and packaging innovation at the right time, inspired by customer and consumer needs, with sustainability in mind. Our innovative products stem from thorough research into market trends, customer and consumer insights, the expertise of our engineers, and above all, the creative contributions of our talented team. 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 co-driven by our own engineering department, which tailors machines to our needs in collaboration with external companies.. This has led to over 200 innovations which were launched over the past years. We refer for more information to the strategic section of this annual report.

8.9.2.4 Product design & quality

Our reputation as a business partner relies heavily on our ability to supply quality products. In the event of quality issues, potential ramifications include adverse effects on consumer health, loss of market share, financial costs, reduced turnover, and jeopardizing Ontex's reputation.

Risk management

Risk assessments are performed for all Ontex products and are aimed at identifying and controlling risks that might affect product performance and product safety. Ontex's quality system provides tools and capabilities within the organization to evaluate and control those risks. Ontex's organization and sites work proactively by utilizing continuously inputs from customers and the market in general to improve products and processes to foresee or remedy issues that could potentially impact consumer satisfaction.

In an effective 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 an important 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.

8.9.2.5 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 numerous ways, including the following:

- for most of our resources, multiple sources are available and validated;
- we have strategic alliances with our key suppliers, resulting in 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;
- possibility of financial hedging of our key strategic materials; and
- natural hedging via suppliers, decoupling from indices where possible.

In the course of 2024, 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.

8.9.3 Governance risks

8.9.3.1 Sustainability risk

Ontex risks not being 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

Ontex's Sustainability Strategy and 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 and 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 and the 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 have renewed our climate scenario assessment in 2023.

We manage sustainability-related risks via different means, including:

- **Creating transparency**: sustainability data monitoring in our plants and supply chain to understand where negative environmental and social impacts (can) take place, and communicating about such impacts internally and externally.
- **Preventive actions**: environmental and social management systems in the plants, environmental and 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 and procedures describe how we deal with (potential) negative impacts. In addition, Ontex's Sustainability Strategy lays out clear targets to reduce our climate impact and work towards circular solutions, such as e.g. recycled content in packaging and offering reusable products.

The sustainability topic continues to be high on the agenda of our strategy determination and budget discussions. The following focus areas will continue in the course of 2024:

- Progressing 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 sustainability requirements affecting Ontex and setting up implementation roadmaps in order to make sure we comply with **upcoming regulations** such as CSRD, EU Taxonomy, CSDDD, HREDD, EPR schemes, plastic taxes, etc.
- **Communicating sustainability performance** to consumers via ecolabels and claims, to customers using carbon and plastic footprint assessments, and to investors by improving our responses to investor questionnaires and through the continuous dialogue that we maintain with investors.
- **Enhancing transparency** via climate scenario assessments and continuous progress on supply chain due diligence.
- **Strengthening integrated governance, tools & processes** to ensure prevention and management of the risks.
- Ensuring our **infrastructure** enables alignment with our 2030 sustainability goals, facilitated by co-operation and partnerships to reach our climate neutral and circular solutions goals.

As noted in section 8.3 (*Risk management*), the Executive Committee conducts deep-dives into certain sustainability-related topics, including climate change. These assessments delve into the potential impacts of sustainability matters, including climate change, on our operations, supply chain, and broader business environment. Our sustainability statements serve as critical references for sustainability (including climate change) risks, by providing insights into our mitigation strategies, resilience measures, and long-term sustainability goals. By incorporating sustainability (including climate change) risks into our risk management framework, we enhance our ability to proactively identify, assess, and manage emerging threats associated with sustainability matters. The Audit and Risk Committee has assumed responsibility for monitoring sustainability-related risks, amongst other ESG-risks.

More information on the different sustainability (including climate change) related risks and opportunities and the outcome of the scenario assessment can be found in the Sustainability Statements of this report.

8.9.3.2 Human capital, talent management, retention, health & safety

A skilled and motivated workforce, coupled with an agile organization, is imperative for the continued success of our business. The failure to identify, attract, develop and retain talents to satisfy current and future needs of the business may affect our ability to compete. The health and safety of our workforce is paramount to maintaining effective operations, in compliance with applicable laws, to remain an attractive employer and to avoid reputational risks. A failure to recruit and retain talent adequately, or to maintain high standards of health and safety, may result in a decline in business performance. With the increased ratio of homework, people can become disconnected, leading to underperformance or mental fatigue. Protecting and motivating our employees is crucial to safeguard their expertise and motivation.

<u>Risk management</u>

Ontex and its HR function are committed to creating and maintaining a healthy and safe work environment, in addition to delivering professional human resources services. This translates into initiatives in various domains:

- Various global and local initiatives to **safeguard and improve mental and physical health, safety and wellbeing;**
- Initiatives to **better connect employees** and top management cross-functionally and inform employees of the company’s strategy and priorities;
- 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;
- Initiatives to attract new talent and develop existing talent; and
- Throughout 2023 and 2024, various initiatives were and will continue to be launched to drive our PRIDE values. We have also launched Culture Pulse Surveys, which are a new way for employees to share thoughts and shape the future of our workplace culture through quarterly surveys.

The Executive Committee closely follows up on Ontex's efforts in the areas of human capital, talent management, retention and health and safety, which are regular topics on the agenda In addition, the Remuneration and Nomination Committee (which reports to the Board) is regularly updated on Ontex's efforts in these areas, both at the executive level and for the wider organization.

W*e refer to the 'Own workforce' section in the Sustainability Statements for more information.*

8.9.3.3 Divestitures

As part of the revised strategy that we announced in December 2021, we continue to pursue our strategic options to divest our businesses in Brazil and in Turkey and related export markets. We are also working towards completion of the divestments of Algeria and Pakistan. Each divestment process brings challenges in terms of, among others, complexity and workload for the people involved in the divestment process, employee engagement in the entities to be divested, a fairly negotiated price for the entities to be divested, risks to achieve completion of the divestments (e.g. obtaining the requisite merger clearances and satisfying other conditions precedent), as well as post-completion risk (e.g. risks of claims from acquirers or other third parties).

<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 with a view to bringing the required expertise to successfully conclude the divestments. Ontex is committed to finding suitable partners to acquire the businesses that it seeks to divest and will take the time that is needed to achieve this goal. All entities planned to be divested will continue to be treated as part of Ontex until the divestment is concluded.

The Board is competent for the monitoring and approval of matters related to Ontex's divestments, and for mergers and acquisitions (M&A) more broadly. The Board receives periodic updates on Ontex's efforts and key developments in the different divestment projects.

8.9.4 Legal and Financial risks

8.9.4.1 Intellectual property

Although we are monitoring changes in intellectual property rights and related legal developments, we may inadvertently infringe intellectual property rights owned by third parties or applicable legislation. Also, there is a risk that Ontex fails to register or defend its intellectual property rights in a timely manner. As a potential consequence thereof, Ontex may face legal claims, be obliged to pay royalties or face other consequences that may erode its profit margins or have other negative implications for its business or reputation.

<u>Risk management</u>

Going hand-in-hand with innovation as one of the strategic pillars of Ontex, intellectual property 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. We also continue to grow our leading IP portfolio in the retail segment of the personal hygiene field.

8.9.4.2 Liquidity & Leverage

Prior to financial year 2023, while indebtedness remained largely stable, Ontex was faced with declining results. This resulted in negative impacts on Ontex's leverage ratio and liquidity position, both of which needed to be monitored closely on a continuous basis (also in view of related impacts on Ontex's cost of capital, payment conditions with suppliers, shareholder reputation, etc.). Since financial year 2023, Ontex has been able to restore its profit margin and thereby reduced its liquidity and leverage concerns. This being said, both liquidity and leverage remain a risk area and require continued focus of Ontex.

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 any negative deviation from plan/forecasts and secure that intended improvement actions are being realized.

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 continue to lower the indebtedness and leverage.

9. REMUNERATION REPORT

9.1 INTRODUCTION

Revised Remuneration Policy

In 2023, the Company applied the Remuneration Policy (2023 version) that was approved by the annual shareholders' meeting of May 5, 2023. The shareholders' meeting approved the Remuneration Policy with a 96.7% majority of votes cast, which the Company saw as a strong endorsement of the principles set forth therein. This revised Remuneration Policy had retroactive effect as of January 1st, 2023. The revised Remuneration Policy aims to strongly incentivize management to accelerate the realization of the Company's ongoing turnaround by further strengthening the alignment of executive rewards and shareholder returns. The key changes made to the Remuneration Policy can be summarized as follows:

- The weighing between the annual bonus amount (short-term incentive or "**STI**") and the long-term incentive ("**LTI**") of the members of the Executive Committee was rebalanced. This rebalancing is an exceptional, one-off measure for the financial years 2023 until 2025. During this period, a larger portion of the remuneration is attributed to the LTI and the STI annual bonus amount is reduced by half.
- A single, exceptional LTI grant (still consisting solely of performance share units) was made in May 2023 that covers the financial years 2023, 2024 and 2025, and which has a single KPI, being the Company's share price.
- For the STI, the financial KPI "Cash Flow" was replaced by "Cash Conversion Cycle" to further optimize the alignment of the STI with the underlying financial performance of the Company. Moreover, the ESG KPIs (which were previously included in the LTI) were moved to the STI to stimulate short-term attention to these KPIs. By also introducing a "personal leadership multiplier" with respect to the annual bonus, the new policy incentivizes strong individual performance and leadership excellence, and reinforces the focus on talent development and people impact of executives.

For more details, we refer to the Remuneration Policy (2023 version) as included on the Company's website https://ontex.com/agm-shareholder-information/ (direct link).

Changes to composition of Executive Committee

In 2023, the following senior managers joined the Company and its Executive Committee:

- Mr. Paul Wood was appointed to the role of President of the North America division;
- Mr. Marco Querzoli was appointed to the role of Chief Supply Chain Officer; and
- Chilibri BV, permanently represented by Mr. Geert Peeters, was appointed to the role of Chief Financial Officer.

Mr. Marco Querzoli replaced Mr. Vincent Crepy, who left the Company in May 2023. Chilibri BV, permanently represented by Mr. Geert Peeters, replaced NestVision BV, permanently represented by Mr. Peter Vanneste, who left the Company at the end of September 2023.

Finally, Ms. Stephanie McDonald, who acted as Chief HR Officer until 1 February 2023, left the Company. She was succeeded in her role by Mr. Jonas Deroo, who took up the role of Chief HR Officer in addition to his role of Chief Legal Officer within the Executive Committee.

Performance highlights and remuneration outcomes

For financial year 2023, the following financial and non-financial performance results are of relevance for the 2023 STI, as detailed further in this Remuneration Report:

- Net sales for the Total Group, excluding the divested activities in Mexico, was €2,223.2 million.
- Adjusted EBITDA for the Total Group, excluding the divested activities in Mexico, was €204.6 million.
- Working capital needs increased, with higher receivables as a result of higher sales and lower factoring activity, while payables decreased with lower raw material prices. Inventories also reduced with lower raw material prices, but not sufficiently to compensate for the working capital increase. The resulting Cash Conversion Cycle (defined further in this report) was 55.20 days.
- Scope 1 & 2 CO2 emissions were reduced by –6.8% (vs. a target of -3.8%), mainly as a result of a further switch towards renewable electricity. Scope 3 CO2 emissions were reduced by -5% (vs. a target of -2.6%), thanks to a positive trend among suppliers who lowered their CO2 intensity as well as the impact of the Company's commercial strategy.
- Accidents Rate (percentage reduction in labor accidents) was reduced by -6.9%.

These financial and non-financial KPIs, together with the personal leadership multiplier (see further in this Remuneration Report), resulted in pay-outs under the STI that are above target: an average of 109% of target for the members of the Executive Committee. The details of the STI bonus calculation can be found in the section on the 2023 remuneration of the members of the Executive Committee (see further).

2022 Remuneration Report

The Company's Remuneration Report regarding financial year 2022 was approved by 89.6% of the votes cast at the annual shareholders' meeting of May 5, 2023. The Board views this as an endorsement of the Company's transparency on remuneration matters. The Board remains open to further feedback from the Company's shareholders and other stakeholders regarding the subject matter of this report.

9.2 2023 REMUNERATION OF THE DIRECTORS

All members of the Board are Non-Executive Directors. During financial year 2023, each Director received an annual fixed fee, as well as attendance fees which are a function of the number of Board and committee meetings attended by such Director (except for certain ad hoc Board and Board Committee meetings for which no separate attendance fee was paid). Directors do not receive any other variable compensation, nor any fringe benefits or pension contribution payments.

During 2023, eight Board of Director Meetings (compared to 21 in 2022), seven Audit and Risk Committee Meetings (compared to six in 2022) and six Remuneration and Nomination Committee Meetings (compared to 12 in 2022) took place. As a result of this reduced number of meetings and the reduction of the Board from 12 to nine members as from January 2023, the aggregate remuneration of the Directors in 2023 was 30% lower than in 2022.

The composition of the Board underwent no substantial changes during 2023. The annual shareholders' meeting of May 5, 2023 confirmed the co-optation of HVV GmbH, with Jesper Hojer as permanent representative, as Non-Executive Director for the remaining term of the mandate of JH GmbH, with Jesper Hojer as permanent representative, i.e., a period which will end immediately after the annual shareholders' meeting that will consider the approval of the annual accounts for the financial year ending on December 31, 2024.

The remuneration paid to the Directors during financial year 2023 is shown in the table below.

Name	Mandate	Fixed fee (EUR)	# Board meetings attended	Board attendance fee (EUR)	# R&N Committee meetings attended	R&N Committee attendance fee (EUR)	# A&R Committee meetings attended	A&R Committee attendance fee (EUR)	Total fees for 2023 (EUR)
ViaBylity BV, permanently represented by Hans Van Bylen	Chairman of the Board of Directors, Chairman of the Remuneration and Nomination Committee, Independent Director	310,000 [1]	8/8	5,000	6/6	5,000	7/7	2,500	392,500
Ebrahim Attarzadeh	Non-Executive Director	60,000	8/8	2,500	6/6	2,500	N/A	N/A	92,500
Inge Boets BV, permanently represented by Inge Boets	Chairwoman of the Audit and Risk Committee, Independent Director	70,000	8/8	2,500	N/A	N/A	7/7	5,000	125,000
Michael Bredael	Non-Executive Director	60,000	8/8	2,500	N/A	N/A	7/7	2,500	97,500
Isabel Hochgesand	Independent Director	60,000	7/8	2,500	5/6	2,500	N/A	N/A	88,750
HVV GmbH, permanently represented by Jesper Hojer	Non-Executive Director	60,000	8/8	2,500	6/6	2,500	N/A	N/A	92,500
MJA Consulting BV, permanently represented by Manon Janssen	Independent Director	60,000	5/8	2,500	6/6	2,500	N/A	N/A	85,000
Paul McNulty	Independent Director	60,000	8/8	2,500	N/A	N/A	7/7	2,500	97,500
Rodney Olsen	Non-Executive Director	60,000	8/8	2,500	N/A	N/A	7/7	2,500	97,500

[1] The fixed fee for ViaBylity BV, permanently represented by Hans Van Bylen, includes the annual transformation fee of EUR 50,000 per financial year provided in the Company's Remuneration Policy. Such fee expires at the Company's annual shareholders' meeting that will resolve on the approval of the annual accounts for the financial year ending on December 31, 2023.

9.3 2023 REMUNERATION OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

9.3.1. Introduction

As described in the introduction to this Remuneration Report, the composition of the Executive Committee underwent several changes during 2023.

The remuneration of the members of the Executive Committee who left the Company during 2023 has been included in this Remuneration Report until the respective end dates of their mandates (including, for Ms. Stephanie McDonald, the termination payments that were due and paid by the Company to her).

9.3.2. Total Remuneration Summary

The total remuneration paid to the CEO and the other members of the Executive Committee in respect of financial year 2023 is summarized in the table below (all amounts in EUR):

Members of the Executive Committee	Fixed remuneration		Variable remuneration		Extra-ordinary items	Pension expense	Total remuneration
	Base salary	Other benefits	One-year variable	Multi-year variable [1]			
Gustavo Calvo Paz (CEO)	900,000	87,234	594,000	0	0	187,920	1,769,154
Other Members of the Executive Committee	2,841,802	228,077	568,715	103,980	1,800,281	490,137	6,032,993

[1] The multi-year variable remuneration reflects the long-term incentive plan grants that have vested during the financial year 2023. Further detail is included further in this report.

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

	CEO	Other members of the Executive Committee
Fixed remuneration as % of total remuneration	66%	59%
Variable remuneration as % of total remuneration	34%	11%
Extraordinary remuneration as % of total remuneration	0%	30%

Fixed Remuneration

A. Base Remuneration

In line with the Company's Remuneration Policy, 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 certain members of the Executive Committee who took on additional responsibilities during 2023 was adapted accordingly. For the other members of the Executive Committee, the base remuneration remained unchanged, in line with the Company's Remuneration Policy to keep the base remuneration fixed for three years (except in the event of a substantial change in responsibility, a significant change in general economic circumstances or misalignment with the median of the peer group).

B. Other Benefits

Other benefits of the members of the Executive Committee include, among others, the cost of medical, life and disability insurances and the use of a company car.

Variable Remuneration

A. One-year Variable (STI)

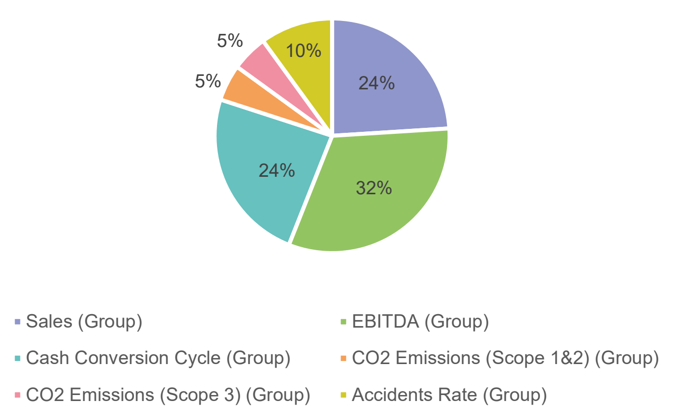
The 2023 bonus for the CEO and the other members of the Executive Committee has been determined on the basis of a set of financial and non-financial KPIs. For the Sales and EBITDA financial KPIs, the threshold performance is set at 75% of target, with up to 100% of the target bonus earned in case of on-target performance and a maximum of 200% of the target bonus payable for a performance reaching 125% of target or more. For the Cash Conversion Cycle financial KPI, the threshold performance is set at 70% of target, 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 130% of target or more. For the non-financial KPIs, the threshold, target and maximum are set annually by the Board, at its discretion and upon recommendation of the Remuneration and Nomination Committee, depending on the nature of the relevant KPI. In addition, a "personal leadership multiplier" is applied in function of the individual leadership performance and people impact of the relevant member of the Executive Committee, as explained in the Company's Remuneration Policy.

For 2023, the respective weight of the financial and non-financial KPIs was as follows:

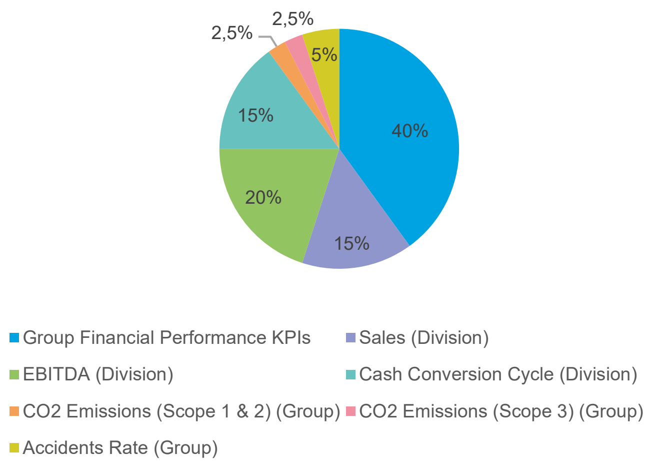
CEO and Group Executives	80% Group Financial Performance		20% ESG Performance
Division Presidents	40% Group Financial Performance	50% Division Financial Performance	10% ESG Performance

For 2023, the specific financial and non-financial KPIs, and their respective weight, were as follows:

2023 KPIs for CEO and Group Executives



2023 KPIs for Division Presidents



In addition to the CEO, the Group Executives are the Chief Financial Officer, Chief Supply Chain Officer, Chief R&D and Sustainability Officer and Chief HR and Legal Officer. The Division Presidents are the President of the Europe Division and the President of the North America Division.

(i) KPIs, Weight and Targets for Group and Division Financial Performance for 2023

The KPIs for the 2023 Group Financial Performance and 2023 Division Financial Performance were “Sales”, “EBITDA” and “Cash Conversion Cycle”. These KPIs for 2023 were measured as follows:

- “Sales”: total revenue (at Group level for Group Financial Performance and at division level for Division Financial Performance).
- “EBITDA”: the adjusted EBITDA (at Group level as per the Company’s financial results in its Annual Report for Group Financial Performance and at division level for Division Financial Performance).
- “Cash Conversion Cycle” (“**CCC**”): days sales outstanding + days inventory outstanding – days payable outstanding (at Group level for Group Financial Performance and at division level for Division Financial Performance). This KPI was measured on a quarterly basis and averaged over 12 months.

At Group level, the target KPIs and actuals for 2023 were as follows:

Group performance (2023)	Net Sales (million EUR)	EBITDA (million EUR)	CCC (# of days)
Target	2,181.4	171.2	43.7
Actuals	2,223.2	204.6	55.2

Based on the target KPIs and actuals for the 2023 Group Financial Performance and 2023 Division Financial Performance, the average pay-out ratio compared to target for the members of the Executive Committee was 108% for Net Sales, 178% for EBITDA and 0% for CCC.

(ii) KPIs, Weight and Targets for Non-Financial Performance for 2023

The KPIs for the 2023 Non-Financial Performance were “CO2 Emissions (Scope 1 & 2)”, “CO2 Emissions (Scope 3)” and “Accidents Rate”. These KPIs for 2023 were measured as follows:

- “CO2 Emissions (Scope 1 & 2)”: percentage reduction in Scope 1 & 2 CO2 emissions.
- “CO2 Emissions (Scope 3)”: percentage reduction in Scope 3 CO2 emissions.
- “Accidents Rate”: percentage reduction of labor accidents.

For 2023, the targets for the Non-Financial Performance KPIs were as follows:

- “CO2 Emissions (Scope 1 & 2)”: reduction by 3.8%.
- “CO2 Emissions (Scope 3)”: reduction by 2.6%.
- “Accidents Rate”: reduction by 25%.

Group Performance (2023)	CO_2 Emissions (Scope 1 & 2)	CO_2 Emissions (Scope 3)	Accidents Rate
Target	-3.8%	-2.6%	-25%
Actuals	-6.8%	-5%	-6.9%

(iii) KPIs, Weight and Targets for Personal Leadership Multiplier for 2023

For 2023, the personal leadership performance assessment led to an outcome on a five-point scale, with a multiplier effect on the annual bonus amount as follows:

Leadership Performance	Multiplier Effect
1 (did not meet expectations)	x 0.80 (- 20%)
2 (partially met expectations)	x 0.90 (- 10%)
3 (fully met expectations)	x 1.00 (=)
4 (often exceeded expectations)	x 1.10 (+ 10%)
5 (consistently exceeded expectations)	x 1.20 (+ 20%)

Based on the abovementioned financial and non-financial KPIs and personal leadership multiplier, the CEO received an aggregate bonus of €594,000 for financial year 2023. The aggregate bonus amount paid to the other members of the Executive Committee for financial year 2023 amounted to €568,715.

The annual bonus of each member 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 the fraud, wilful misconduct or gross negligence of such member.

B. Multi-year Variable (LTI)

Long-term Incentive vesting in 2023

The table below shows the performance shares, restricted stock units ("**RSUs**") and stock options which were granted in 2020 and which vested in 2023. The value of the performance shares is calculated by multiplying the number of performance shares vested by the share price at noon on the date of the vesting. 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 of such restricted stock units. 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 of such stock options and the grant price, if positive. All the vested options remain under their grant price of € 13.9.

Name	Grant Date	Vesting Date	Share Price at vest	Payout % at vest	Performance Stock Units		Restricted Stock Units		Stock Options	
					Number vested	Value at vest	Number vested	Value at vest	Number vested	Value at vest
De Poorter, Annick	28-May-20	30-May-23	7.25	34.8%	1,936.00	14,026	5,566	40,326	24,717	-
Deroo, Jonas	28-May-20	30-May-23	7.25	34.8%	276.00	2,000	799	5,789	-	-
Nielly, Laurent	28-May-20	30-May-23	7.25	34.8%	1,490.00	10,795	4,285	31,045	19,031	-

For the performance shares under the 2020 Performance Share Plan, the target for the Adjusted Basic EPS target was set at 1.23 and the achieved Adjusted Basic EPS, tested as at December 31, 2022, was negative.

Extra-Ordinary Items and Pension Expenses

Extra-Ordinary Items

The amount reported under extra-ordinary items (€1,800,281) includes certain relocation and other allowances paid to certain members of the Executive Committee, certain sign-on bonuses for new members of the Executive Committee, and other items. Finally, this amount also includes the termination and non-compete indemnities which have been paid to Ms. Stephanie McDonald, who acted as Chief HR Officer until her departure from the Company on April 30, 2023.

Ms. McDonald received a termination indemnity of €673,132, composed of 12 months of fixed fee, one year of pension contribution, a housing and utility allowance and a tax equalization payment. The termination indemnity reflects the contractual exit provisions agreed with Ms. Stephanie McDonald when she joined the company as Chief HR Officer, in compliance with the Company's Remuneration Policy.

Pension Expenses

The pension expenses include the contributions paid by the Company in 2023 to a defined contribution pension plan for the benefit of the CEO and the members of the Executive Committee, for a total amount of €678,057. 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*).

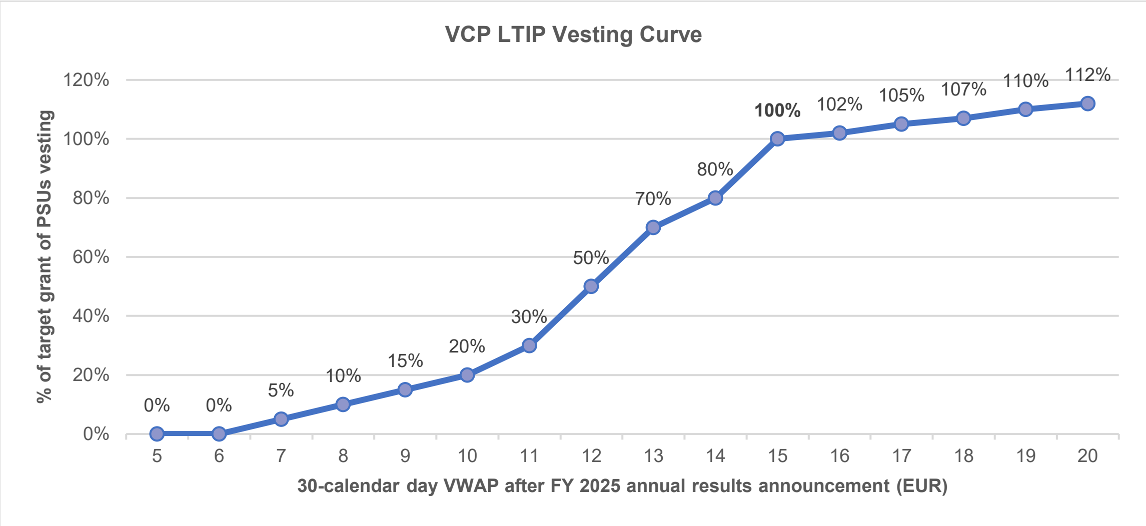
9.3.3. Share-based Remuneration

VCP LTIP grant

As provided in the Company's 2023 Remuneration Policy, between January 1st, 2023 and December 31, 2025, the Company's annual long-term incentive program is temporarily suspended for the CEO and the other members of the Executive Committee (as well as for certain other members of the Company's senior management). Instead, in 2023, the CEO and other members of the Executive Committee received a one-time grant of performance shares covering financial years 2023, 2024 and 2025 under the Company's 2023-2025 "Value Creation Projects" Long-Term Incentive Plan (the "**VCP LTIP**")). The grant price for the performance shares under the VCP LTIP was €6.8931 (i.e. the 30 days volume-weighted average price of the Company's shares on Euronext Brussels as of March 27, 2023).

The performance shares issued by the Company under the VCP LTIP vest subject to a performance test and continued engagement over the three-year vesting period. The vesting of the performance shares is subject to a single performance KPI, being the share price of the Company. The calculation of the share price for such performance testing shall occur once, after the end of the three-year period, and shall be calculated as the 30-calendar day volume-weighted average price (VWAP) of a share in the Company after the public announcement by the Company of the full-year annual results for the financial year that ends on 31 December 2025.

It is required that a threshold performance is reached before any vesting will occur. As of that threshold, the vesting increases on a scale that reaches 100% for an on-target performance and a maximum of 112% for a stretch level of performance. The target and thresholds for the VCP LTIP are as follows:



At vesting of the performance shares under the VCP LTIP, the Company shall deliver to beneficiaries either existing shares of the Company, newly issued shares of the Company or a combination of both. As the default option, the Board has foreseen that the shares to be delivered upon vesting under the VCP LTIP will be newly issued shares. The Board may however elect to deliver (in full or in part) existing shares instead of newly issued shares. To deliver newly issued shares, the Board may make use of the authorized capital, which allows the Board, within the limits set by Belgian law and the authorization granted by the shareholders' meeting, to increase the Company's capital without further shareholder approval.

The table below provides the details of the VCP LTIP grant for the CEO and the other members of the Executive Committee.

Executive Committee Member	Position	Number of PSUs awarded and accepted	Award date	Vesting date
Calvo Paz, Gustavo	Chief Executive Officer	1,005,668	27/03/2023	08/05/2026
De Poorter, Annick	Chief Innovation and Sustainability Officer	293,854	27/03/2023	08/05/2026
Deroo, Jonas	Chief HR and Legal Officer & Secretary General	299,430	27/03/2023	08/05/2026
Peeters, Geert	Chief Financial Officer	292,466	01/12/2023	08/05/2026
Querzoli, Marco	Chief Supply Chain Officer	348,174	11/09/2023	08/05/2026
Nielly, Laurent	President Europe division	327,762	27/03/2023	08/05/2026
Wood, Paul	President North America division	375,595	27/03/2023	08/05/2026

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 2023, in share-based remuneration for the CEO and the other members (or former members) of the Executive Committee.

Since 2021, members of the Executive Committee are required to hold on to at least 50% of the long-term incentive instruments when they vest until they have acquired a shareholding representing two times (for the CEO) or equal to (for other members of the Executive Committee) their annual base remuneration. Furthermore, once this threshold has been crossed, members of the Executive Committee will be required to maintain such minimum shareholding throughout their executive tenure.

The KPIs for the Performance Shares (PSUs) grants of 2021 and 2022, which are subject to a three year vesting period, are Adjusted Basic EPS (50%), Relative TSR (30%), CO_2 Emissions (10%) and Labor Accident Frequency (10%). Vesting for each of the KPIs is between 0 and 200%.

		Main Conditions of the Stock Option Plan				Information for the reported financial year											
						Opening Balance		During the Year								Closing Balance	
Beneficiary	Plan Type	Grant Date	Vesting Date	Exercise Period	Strike Price	Vested	Unvested	Number awarded	Value awarded	Number Vested	Value Vested	Number exercised	Value Exercised	Number Forfeited	Value Forfeited	Vested	Unvested
De Poorter, Annick	SOP 2016	12-May-16	13-May-19	8 years	28.44	8,522										8,522	
	SOP 2017	11-May-17	12-May-20	8 years	33.11	9,316										9,316	
	SOP 2018	29-May-18	30-May-21	8 years	23.56	17,931										17,931	
	SOP 2019	13-Jun-19	14-Jun-22	8 years	14.00	16,125										16,125	
	SOP 2020	28-May-20	31-May-23	8 years	13.90	0	24,717			24,717						24,717	
Deroo, Jonas	SOP 2016	12-May-16	13-May-19	8 years	28.44	2,204										2,204	
	SOP 2017	11-May-17	12-May-20	8 years	33.11	1,995										1,995	
	SOP 2018	29-May-18	31-May-21	8 years	23.56	3,376										3,376	
Nielly, Laurent	SOP 2017	11-May-17	12-May-20	8 years	33.11	13,734										13,734	
	SOP 2018	29-May-18	30-May-21	8 years	23.56	19,212										19,212	
	SOP 2019	13-Jun-19	14-Jun-22	8 years	14.00	18,878										18,878	
	SOP 2020	28-May-20	31-May-23	8 years	13.90	0	19,031			19,031						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 exercise 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 exercise 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 exercise 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
De Poorter, Annick	RSU 2020	28-May-20	31-May-23	5,566			5,566	40,326			0
Deroo, Jonas	RSU 2020	28-May-20	31-May-23	799			799	5,789			0
Nielly, Laurent	RSU 2020	28-May-20	31-May-23	4,285			4,285	31,045			0

"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	Plan Type	Main PSU Conditions			Information for the reported financial year							
					Opening Balance	During the Year						Closing Balance
		Performance period	Grant Date	Vesting Date	Unvested	Number Awarded	Value Awarded	Number Vested	Value Vested	Number Forfeited	Value Forfeited	Unvested
Calvo Paz, Gustavo	PS 2023	2023-2025	8-May-23	8-May-26		1,005,668	6,561,984					1,005,668
Crepy, Vincent	PS 2021	2021-2023	27-May-21	28-May-24	22,202					8,019	63,591	14,183
	PS 2022	2022-2024	10-Mar-22	10-Mar-25	35,047					22,393	177,576	12,654
De Poorter, Annick	PS 2020	2020-2022	28-May-20	30-May-23	5,566			1,936	14,026	3,630	25,846	0
	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							33,613
	PS 2023	2023-2025	8-May-23	8-May-26		293,854	1,917,397					293,854
Deroo, Jonas	PS 2020	2020-2022	28-May-20	30-May-23	799			276	2,000	523	3,724	0
	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							23,896
	PS 2023	2023-2025	8-May-23	8-May-26		299,430	1,953,781					299,430
McDonald, Stephanie	PS 2022	2022-2024	10-Mar-22	10-Mar-25	33,454					24,163	187,867	9,291
Nielly, Laurent	PS 2020	2020-2022	28-May-20	30-May-23	4,285			1,490	10,795	2,795	19,900	0
	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							35,286
	PS 2023	2023-2025	8-May-23	8-May-26		327,762	2,138,647					327,762
Peeters, Geert	PS 2023	2023-2025	1-Dec-23	8-May-26		292,466	1,908,341					292,466
Querzoli, Marco	PS 2023	2023-2025	11-Sep-23	8-May-26		348,174	2,271,835					348,174
Vanneste, Peter	PS 2021	2021-2023	27-May-21	28-May-24	78,670					17,485	119,160	61,185
	PS 2022	2022-2024	10-Mar-22	10-Mar-25	51,774					25,888	176,427	25,886
	PS 2023	2023-2025	8-May-23	8-May-26		509,205	3,322,563			509,205	3,470,232	0
Wood, Paul	PS 2023	2023-2025	8-May-23	8-May-26		375,595	2,450,757					375,595

“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 of the Company (on a consolidated basis) at reported currencies.

(all amounts in EUR)		2019	2020	2021	2022	2023
Remuneration Directors		796,000	1,384,408	1,356,500	1,663,417	1,173,750
	Year-on-year change [1]	*-9%*	*74%*	*-2%*	*23%*	*-29%*
Remuneration CEO		2,570,254	6,779,690	1,588,121	3,945,342	1,769,154
	Year-on-year change [2]	*56%*	*164%*	*-77%*	*148%*	-55%
Remuneration other Executives		9,057,625	7,827,523	6,635,885	5,289,606	6,032,993
	Year-on-year change [3]	*20%*	*-14%*	*-15%*	*-20%*	+14%
Reported Revenue (Year-on-Year variance)		0%	-9%	-3%	+22%	+10%
Reported Adjusted EBITDA (Year-on-Year variance)		5%	-4%	-27%	-21%	+65%
Reported Cash Conversion Cycle			-		-	New KPI
Average Employee Remuneration		39,750	38,944	34,884	39,986	26,646
	Year-on-year change [4]	*21%*	*-2%*	*-10%*	*14%*	*-33%*

[1] The decrease in the remuneration of the Directors is explained by the reduced size of the Board (from 12 to nine members) and the decrease in the number of Board and Committee meetings compared to 2022.

[2] The year-on-year change reported from 2022 to 2023 is -55%, which is explained by the 2022 severance payment to the previous CEO.

[3] The year-on-year increase is explained, among others, by the severance payment for Ms McDonald paid out in 2023.

[4] The year-on-year decrease is explained by the inclusion of all hourly-paid employees in the Company's record-keeping system. On a like-for-like basis compared to the average employee remuneration reported in the Company's Remuneration Report for financial year 2022, the average employee remuneration for financial year 2023 would be €32,467 (an 18.2% decrease compared to financial year 2022). The like-for-like decrease compared to financial year 2022 is explained, among others, by the divestment of the Company's Mexican business that was completed in May 2023.

Remuneration in the table above includes the total remuneration as defined in sections 9.2 (*2023 Remuneration of the Directors*) and 9.3.2 (*Total Remuneration Summary*). In addition to the financial KPIs, the variable remuneration of members of the Executive Committee is set based on non-financial KPIs and a personal leadership multiplier (see 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 2023, divided by the average total number of employees during 2023.

The 2023 ratio of the total remuneration of the CEO versus the total remuneration of the lowest remunerated employee (located in Pakistan) is 762. 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. 2024 REMUNERATION OUTLOOK

In 2024, the Company will continue to apply the Remuneration Policy that was approved by the annual shareholders' meeting of May 5, 2023. This revised Remuneration Policy aims to strongly incentivize management to accelerate the realization of the Company's ongoing turnaround by further strengthening the alignment of executive rewards and shareholder returns. For 2024, this means, among other things, the following for the members of the Executive Committee:

- In terms of long-term variable remuneration (LTI), a single, exceptional LTI plan (consisting solely of performance share units) was issued in May 2023 that covers the financial years 2023, 2024 and 2025, and which has a single KPI, being the Company's share price. No LTI grants are expected to be issued to the members of the Executive Committee during financial years 2024 or 2025.
- In terms of short-term variable remuneration (STI) for 2024, the financial and non-financial KPIs, their respective weight and targets, and the multiplier effect of the "personal leadership multiplier" have been set by the Board, upon recommendation of the Remuneration and Nomination Committee. The Board has set the different targets and pay-out curves in alignment with the Company's strategic and operational priorities for 2024, as follows:
    - Targets for Financial Performance – As the targets for Financial Performance for the 2024 STI are commercially sensitive, these will not be disclosed upfront. They will however be disclosed in next year's remuneration report, along with actual results for financial year 2024.
    - Targets for Non-Financial Performance – The targets for Non-Financial Performance for the 2024 STI will be as follows:
        - "CO2 Emissions (Scope 1 & 2)": reduction by 0% (as a result of a switch to non-renewable electricity at Ontex's plants in Noginsk and Sydney, the effort to maintain the same level of CO2 Emissions (Scope 1 & 2) in 2024 as in 2023 requires a 10% reduction in the remainder of Ontex's operations).
        - "CO2 Emissions (Scope 3)": reduction by 2.6% (same as for financial year 2023).
        - "Accidents Rate": reduction by 30% (compared to 25% for financial year 2023).

- Personal Leadership Multiplier – Finally, the personal leadership multiplier for the 2024 STI will again be on a five-point scale, and the multiplier effect on the annual bonus amount shall be as follows:

Leadership Performance	Multiplier Effect
1 (did not meet expectations)	x 0.50 (- 50%)
2 (partially met expectations)	x 0.80 (- 20%)
3 (fully met expectations)	x 1.00 (=)
4 (often exceeded expectations)	x 1.10 (+ 10%)
5 (consistently exceeded expectations)	x 1.20 (+ 20%)

Financial statements

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FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2023 AND 2022

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 2023

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. 5 May 2023, 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 2023. We have performed the statutory audit of the Group's consolidated accounts for 10 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 2023, 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 2,361.7 million and a profit for the year of EUR 34,8 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 2023, 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.

(1) 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 and closed the sale in May 2023. In August and September 2023 Ontex entered into binding agreements for the sale of its Algerian and Pakistan activities and 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 2023.

In accordance with IFRS 5 the group classified 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 296.1 million and EUR 136.6 million per 31 December 2023. In the consolidated income statement, the profit for the period of the activities located in Emerging Markets was presented in one line as “Profit for the period from discontinued operations” and amounts to EUR 7.9 million.

We consider this matter to be of most significance because of the size of the operations that have been sold in 2023 or are expected to be sold within the next year, 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 sales agreements of the divested entities and entities for which binding agreements were signed. 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 included but were not restricted to:

- Reconciling the reclassified assets, liabilities and results to the group reporting forms of the activities that are held for sale;
- Reconciling the loss on the sale of the Mexican business to the underlying calculation, share sales agreement, final settlement agreement, bank statements and calculation of the deferred consideration;
- 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 of entities not yet sold at year-end;
- 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;

Our results

We agree with management’s position that the IFRS 5 criteria were met as of 31 December 2023. 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.

(2) Impairment of goodwill

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 796 million at 31 December 2023 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 2024 were consistent with the Board's approved budgets and the strategic plan as presented to the Board, 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 2024 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 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 impairment losses to be unlikely.

(3) 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 of EUR 11.7 million at 31 December 2023, which is for an important part related to tax losses or tax incentives carried forward . At the same time, a deferred tax asset position of EUR 139.3 million was not recognised, as disclosed in Note 7.19.1.
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 determines 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 intends 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, the United Nations Sustainable Development Goals (SDG) and EU Taxonomy. 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, the United Nations Sustainable Development Goals (SDG) and EU Taxonomy 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 our procedures 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 2023 complies 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, 28 March 2024

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d 'Entreprises SRL
Represented by

Lien Winne*
Bedrijfsrevisor

*Acting on behalf of Lien Winne BV

1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2023 were authorized for issue in accordance with a resolution of the Board of Directors on March 14, 2024.

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 7,500 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 acquired the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil").

In July 2017 Ontex opened a 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 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 transaction was completed in May 2023.

In August 2023, Ontex announced that it had reached an agreement for the sale of its business activities in Algeria to Hygianis SPA. In September 2023, Ontex announced that it had reached an agreement with ASAIA Holding FZ for the divestment of its business activities in Pakistan. Both transactions are expected to be completed in the first half of 2024.

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.

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

ASSETS in € million	Note	December 31, 2023	December 31, 2022
Non-current Assets			
Goodwill	9	796.0	797.9
Intangible assets	9	32.6	32.7
Property, plant and equipment	10	461.5	420.1
Right-of-use assets	11	105.2	110.1
Deferred tax assets	19	11.7	12.1
Non-current receivables	8	29.0	0.3
		1,436.1	**1,373.3**
Current Assets			
Inventories	12	252.8	264.3
Trade receivables	13	206.1	191.8
Prepaid expenses and other receivables	13	63.5	36.8
Current tax assets	19	4.9	5.0
Derivative financial assets	5.1	5.1	12.1
Other financial assets		(0.0)	0.4
Cash and cash equivalents	14	97.2	149.1
Assets classified as held for sale	8	296.1	661.7
		925.7	**1,321.3**
TOTAL ASSETS		**2,361.7**	**2,694.5**

EQUITY AND LIABILITIES in € million	Note	December 31, 2023	December 31, 2022
Equity attributable to owners of the company			
Share capital & premium	15	1,208.0	1,208.0
Treasury shares		(32.3)	(34.2)
Cumulative translation reserves*		(246.8)	(254.1)
Retained earnings and other reserves*		(26.8)	(61.2)
TOTAL EQUITY		**902.0**	**858.4**
Non-current liabilities			
Employee benefit liabilities	18	14.9	13.5
Interest-bearing debts	17	671.8	891.7
Deferred tax liabilities	19	19.9	21.3
Other payables		1.0	0.4
		707.5	**926.9**
Current liabilities			
Interest-bearing debts	17	141.1	145.4
Derivative financial liabilities	5.1	5.4	15.0
Trade payables	20	370.5	405.3
Accrued expenses and other payables	20	20.6	22.6
Employee benefit liabilities	18	41.0	40.4
Current tax liabilities	19	27.0	23.0
Provisions	21	10.0	8.0
Liabilities related to assets classified as held for sale	8	136.6	249.6
		752.2	**909.2**
TOTAL LIABILITIES		**1,459.7**	**1,836.1**
TOTAL EQUITY AND LIABILITIES		**2,361.7**	**2,694.5**

*The impact of hyperinflation for both non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 2022 have been restated, having a reclassification impact of €30.8m between retained earnings and cumulative translation reserves

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

3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year 2023	Full Year 2022
Revenue	6	1,794.7	1,672.2
Cost of sales	25	(1,327.3)	(1,294.7)
Gross Profit		**467.4**	**377.5**
Distribution expenses	25	(190.5)	(191.3)
Sales and marketing expenses	25	(81.5)	(82.1)
General administrative expenses	25	(85.6)	(75.6)
Other operating income/(expenses), net	23-25	(6.6)	5.1
Income and expenses related to changes to Group structure	24	(10.3)	(11.2)
Income and expenses related to impairments and major litigations	24	(4.6)	(91.8)
Operating profit/(loss)		**88.3**	**(69.4)**
Finance income	26	7.0	0.8
Finance costs	26	(57.6)	(49.3)
Net exchange differences relating to financing activities	26	5.5	(2.4)
Net finance cost		**(45.1)**	**(50.9)**
Profit/(loss) before income tax		**43.2**	**(120.3)**
Income tax expense	27	(16.3)	(28.4)
Profit/(loss) for the period from continuing operations		**26.9**	**(148.7)**
Profit/(loss) for the period from discontinued operations	8	**7.9**	**(121.6)**
Profit/(loss) for the period		**34.8**	**(270.3)**
Profit/(loss) attributable to:			
Owners of the parent		34.8	(270.3)
Profit/(loss) for the period		**34.8**	**(270.3)**

Earnings per share:

in €	Note	Full Year 2023	Full Year 2022
For continuing operations			
Basic earnings per share	16	0.33	(1.83)
Diluted earnings per share	16	0.32	(1.83)
For continuing and discontinued operations			
Basic earnings per share	16	0.43	(3.34)
Diluted earnings per share	16	0.42	(3.34)
Weighted average number of ordinary shares outstanding during the period		81,105,045	81,030,032

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

in € million	Note	Full Year 2023	Full Year 2022*
Profit/(loss) for the period		**34.8**	**(270.3)**
Other comprehensive income/(loss) for the period, after tax:			
Remeasurements of defined benefit plans		(1.9)	5.7
Deferred tax on items that will not be reclassified subsequently to income statement		0.5	(1.6)
Items that will not be reclassified subsequently to income statement, net of tax		**(1.4)**	**4.2**
Exchange differences on translating foreign operations		7.3	62.0
Fair value remeasurements - Cash flow hedge	5.1	0.1	(3.0)
Deferred tax on items that will be reclassified subsequently to income statement		(0.2)	0.9
Items that will be reclassified subsequently to income statement, net of tax		**7.1**	**59.9**
Other comprehensive income/(loss) for the period, net of tax		**5.7**	**64.1**
Total comprehensive income/(loss) for the period		**40.5**	**(206.2)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		40.5	(206.2)
Total comprehensive income/(loss) for the period		**40.5**	**(206.2)**

*The impact of hyperinflation both for non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 2022 have been restated, having a reclassification impact of €30.8m between retained earnings and cumulative translation reserves

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

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

	Attributable to equity holders of the Company										
							Other reserves				
in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings	Defined benefit plans	Cash flow hedge	Share-based payments	Other	Total Equity
Balance at December 31, 2022	**82,347,218**	**795.2**	**412.8**	**(34.2)**	**(254.1)**	**(361.6)**	**3.4**	**(2.3)**	**13.2**	**286.1**	**858.4**
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	4.0	-	-	(1.0)	0.1	3.1
Settlement of share-based payments	-	-	-	1.9	-	-	-	-	(0.8)	(1.2)	-
Total transactions with owners	**-**	**-**	**-**	**1.9**	**-**	**4.0**	**0.0**	**0.0**	**(1.7)**	**(1.1)**	**3.1**
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	34.8	-	-	-	-	34.8
Other comprehensive income/(loss)	-	-	-	-	7.3	(0.0)	(1.4)	(0.2)	-	-	5.7
Balance at December 31, 2023	**82,347,218**	**795.2**	**412.8**	**(32.3)**	**(246.8)**	**(322.8)**	**2.0**	**(2.5)**	**11.5**	**285.0**	**902.0**

in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves *	Retained earnings*	Defined benefit plans	Cash flow hedge	Share-based payments	Other	Total Equity
	Attributable to equity holders of the Company						Other reserves				
Balance at December 31, 2021	**82,347,218**	**795.2**	**412.8**	**(36.3)**	**(333.1)**	**(91.3)**	**(0.8)**	**(0.2)**	**13.0**	**287.1**	**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)**	**(316.2)**	**(91.3)**	**(0.8)**	**(0.2)**	**13.0**	**287.1**	**1,063.3**
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	0.0	(0.0)	-	1.0	-	1.0
Settlement of share-based payments	-	-	-	1.7	-	-	-	-	(0.8)	(0.9)	-
Treasury Shares	-	-	-	0.4	-	-	-	-	-	-	0.4
Total transactions with owners	**-**	**-**	**-**	**2.1**	**0.0**	**0.0**	**(0.0)**	**-**	**0.3**	**(0.9)**	**1.4**
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	(270.3)	-	-	-	-	(270.3)
Other comprehensive income/(loss)	-	-	-	-	62.0	(0.0)	4.2	(2.1)	-	-	64.1
Balance at December 31, 2022	**82,347,218**	**795.2**	**412.8**	**(34.2)**	**(254.1)**	**(361.6)**	**3.4**	**(2.3)**	**13.2**	**286.1**	**858.4**

*The impact of hyperinflation for both non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 2022 have been restated, having a reclassification impact of €30.8m between retained earnings and cumulative translation reserves

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, 2023, is as follows:

Shareholder	December 31, 2023	%[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.[2]	3,200,373	3.89%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Black Creek Investment Management Inc.	2,483,000	3.02%

[1]At the time of the transparency declaration

[2]On January 11, 2024, the Company received a transparency declaration confirming that, on January 9, 2024, Guangchang Guo and Fosun International Holdings Ltd. held 2,399,214 voting securities or voting rights in the Company, representing 2.91% of voting securities, thereby crossing downward the threshold of 3%

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	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		**34.8**	**(270.3)**
Adjustments for:			
Income tax expense		21.9	39.2
Depreciation and amortization		70.7	70.4
Impairment losses and items relating to investing activities		18.9	201.0
Provisions (including employee benefit liabilities)		5.5	(20.1)
Change in fair value of financial instruments		4.8	1.9
Net finance cost		53.9	70.8
Changes in working capital:			
Inventories		17.2	(11.3)
Trade and other receivables and prepaid expenses		(52.9)	(46.9)
Trade and other payables and accrued expenses		0.1	12.6
Current Employee benefit liabilities		6.6	5.8
Cash from operating activities before taxes		**181.4**	**53.2**
Income taxes paid		(20.8)	(24.9)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**160.6**	**28.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(96.5)	(62.4)
Proceeds from disposal of property, plant and equipment and intangible assets		15.8	4.6
Proceeds from divestments, net of cash disposed and transaction costs	8	199.6	0.0
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		**119.0**	**(57.7)**

in € million	Note	Full Year 2023	Full Year 2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	121.9	133.2
Repayment of borrowings	17	(385.8)	(81.7)
Interests paid		(50.8)	(46.1)
Interests received		4.4	3.0
Cost of refinancing & other costs of financing		(3.3)	(7.2)
Realized foreign exchange (losses)/gains on financing activities		7.1	(3.7)
Derivative financial assets		(3.2)	(7.0)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**(309.8)**	**(9.5)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(30.3)**	**(38.9)**
Effects of exchange rate changes on cash and cash equivalents		(10.2)	1.0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**208.7**	**246.7**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**168.3**	**208.7**
Of which presented as part of Assets classified as held for sale	8	71.1	59.7

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, 2023 to December 31, 2023 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022 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, 2023 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, 2023. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2023, 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 2023 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, 2023:

Amendment to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* 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* 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.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies*. 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 12 *Income Taxes: International Tax Reform – Pillar II Model Rules*. The IASB has issued these amendments introducing

- a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar II income taxes; and
- targeted disclosure requirements for affected entities.

The Group made use of the temporary exception to the requirement to recognize and disclose information about deferred tax assets and liabilities related to Pillar II. The other above-mentioned standards did not have an impact on the financial statements.

Relevant IFRS accounting pronouncements to be adopted as from 2024 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, 2024 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 IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (effective January 1, 2024). The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognized when they occur as these relate to the right of use terminated and not the right of use retained.

Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as current or non-current* (effective January 1, 2024), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements* (effective January 1, 2024). The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (effective 1 January 2025). IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:

- Determining when a currency is exchangeable into another and when it is not;
- Determining the exchange rate to apply in case a currency is not exchangeable;
- Additional disclosures to provide when a currency is not exchangeable.

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. The standard has been consistently applied in 2022 and 2023, except for the impact on equity which is now fully presented in the cumulative translation reserves as of 2023. The figures per December 2022 have been restated to reflect this change in accounting policy.

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, 2023		December 31, 2022	
Currency	**Closing Rate**	**Av Rate Year**	**Closing Rate**	**Av Rate Year**
AUD	1.6263	1.6285	1.5693	1.5174
BRL	5.3618	5.4016	5.6386	5.4432
CZK	24.7240	24.0007	24.1160	24.5603
GBP	0.8691	0.8699	0.8869	0.8526
MXN	18.7231	19.1897	20.8560	21.2045
PLN	4.3395	4.5421	4.6808	4.6845
RUB	100.0297	92.6806	78.9950	74.0691
DZD	148.6338	147.5233	147.1816	150.2997
USD	1.1050	1.0816	1.0666	1.0539

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 immediately recognized in the income statement. 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’) (until 2020), restricted stock units (‘RSU’) (until 2020) and performance stock units (‘PSU’) (exclusively since 2021). 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 and contingent liabilities

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.

Contingent liabilities are disclosed when there is a possible obligation depending on the occurrence of an uncertain event, or when there is a present obligation but the payment is not probable or the amount can not be reliably measured.

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, 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. 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:

	Full Year					
	2023			2022		
in € million	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Revenue	1,794.7	546.8	2,341.5	1,672.2	792.3	2,464.5
Operating profit/(loss)	88.3	22.3	110.6	(69.4)	(90.9)	(160.3)
Depreciation and amortization	70.7	-	70.7	70.4	-	70.4
EBITDA	**159.0**	**22.3**	**181.3**	**1.0**	**(90.9)**	**(89.9)**
EBITDA adjustments	14.9	27.1	42.0	103.0	122.6	225.6
Adjusted EBITDA	**173.9**	**49.4**	**223.3**	**104.0**	**31.7**	**135.7**
Adjusted EBITDA margin	*9.7%*	*9.0%*	*9.5%*	*6.2%*	*4.0%*	*5.5%*

Further information on the EBITDA adjustments can be found in note 7.24 for the continuing operations and note 7.8 for the discontinued operations.

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).
Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are as follows:

in € million	December 31, 2023			December 31, 2022		
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Non-current interest-bearing debts	671.8	15.3	687.0	891.7	16.8	908.5
Current interest-bearing debts	141.1	5.4	146.5	145.4	22.2	167.6
Cash and cash equivalents	(97.2)	(71.1)	(168.3)	(149.1)	(59.7)	(208.7)
Net financial debt	**715.7**	**(50.4)**	**665.3**	**888.1**	**(20.7)**	**867.4**
Adjusted EBITDA (LTM)*	**173.9**	**30.7**	**204.6**	**104.0**	**31.7**	**135.7**
Leverage ratio			*3.3*			*6.4*

*The LTM Adjusted EBITDA (LTM) in FY23 excludes the €18.7m contribution of the Mexican activities which were sold in May 2023

7.2.4. Free Cash Flow

Free cash flow (before financing) 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 (after financing) is defined as free cash flow before financing, less financing cash flows, i.e. Interests paid and received, and other financing cash flows (Cost of refinancing & other costs of financing, realized foreign exchange (losses)/gains on financing activities and Derivative financial assets).

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

	Full Year	
in € million	**2023**	**2022**
Operating profit/(loss)	**88.3**	**(69.4)**
Depreciation and amortization	70.7	70.4
EBITDA	**159.0**	**1.0**
EBITDA from discontinued Operations	**22.3**	**(90.9)**
Non-cash items and items relating to investing and financing activities	29.1	182.8
Change in working capital		
Inventories	17.2	(11.3)
Trade and other receivables and prepaid expenses	(52.9)	(46.9)
Trade and other payables and accrued expenses	0.1	12.6
Employee benefit liabilities	6.6	5.8
Cash from operating activities before taxes	**181.4**	**53.2**
Income taxes paid	(20.8)	(24.9)
Net cash generated from operating activities	**160.6**	**28.3**
Capex	(96.5)	(62.4)
Cash (used in)/from on disposal	15.8	4.6
Repayment of lease liabilities	(25.0)	(25.0)
Free Cash Flow (before financing)	**54.9**	**(54.4)**
Interests paid & received	(46.4)	(43.2)
Other financial cash flow	0.6	(17.9)
Free Cash Flow (after financing)	**9.1**	**(115.5)**

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.

7.2.6. Net Working Capital

The components of our net working capital are inventories, trade receivables and prepaid expenses and other receivables plus trade payables and accrued expenses and other payables. Note that compared to prior year, non-current receivables are no longer part of the Net Working Capital definition as they are not short term in nature. Since the limited amount on non-current receivables in the past, this never had a material impact.

in € million	December 31, 2023	December 31, 2022*
Inventories	252.8	264.3
Trade receivables	206.1	191.8
Prepaid expenses and other receivables	63.5	36.8
Trade payables	(370.5)	(405.3)
Accrued expenses and other payables	(20.6)	(22.6)
Total Net Working Capital	**131.3**	**65.1**

*The non-current receivables amounted to €0.3 million, explaining the difference with prior year reported Net Working Capital

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 changes in scope of consolidation due to M&A or otherwise.

in € million	2022	Vol/mix	Price	Scope Change	2023 LFL	Forex	2023
Continuing Operations	1,672.2	5.4	156.1	-	1,833.7	(39.0)	1,794.7
Discontinued Operations	792.3	(8.2)	63.9	(286.9)	561.2	(14.4)	546.8
Total Group	**2,464.5**	**(2.8)**	**220.1**	**(286.9)**	**2,394.9**	**(53.4)**	**2,341.5**

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

Depreciation to revenue

Depreciation to revenue ratio is defined as depreciation adjusted for depreciation of right-of-use assets, as lease payments are not included in capex either, versus the revenue of continuing operations.

in € million	2023	2022
Depreciation and amortization	70.7	70.4
Depreciation RoU Assets	21.5	21.2
Adjusted depreciation	**49.2**	**49.2**
Revenue	1,794.7	1,672.2
Depreciation to revenue	**2.7%**	**2.9%**

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, 2023	December 31, 2022
Non-current interest-bearing debts	687.0	908.5
Current interest-bearing debts	146.5	167.6
Cash and cash equivalents	(168.3)	(208.7)
Net Financial Debt	**665.3**	**867.4**
LTM Adjusted EBITDA	204.6	135.7
Net Financial Debt/LTM Adjusted EBITDA ratio	**3.3**	**6.4**

For more information on the applicable debt covenants related to the available credit facilities, refer to 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.

In May 2023, the Group reimbursed its €220.0 million term loan, with proceeds from its recently divested Mexican business activities. On June 1, 2023, the Group announced that it had reached an agreement with its bank syndicate to extend its current revolving credit facility of €250.0 million, from June 2024 to December 2025. The maximum amount of the extended revolving credit facility is raised to €269.1 million until June 2024 and then set at €242.5 million until maturity. The facility continues to limit dividend pay-out over its term and remains subject to covenant tests. The new covenant tests, measured over the Total Group's financials, including discontinued operations, consist of:

- Leverage covenant: The leverage ratio of net financial debt over the last-twelve-months adjusted EBITDA is not to exceed 3.60 by June 2024, and 3.25 by December 2024 and June 2025;
- Liquidity covenant: The sum of cash & cash equivalents and the non-utilized portion of the revolving credit facility is set at minimum €215.3 million at the end of each quarter until June 2024, and €194.0 million beyond that date.

Management has prepared detailed budgets and cash flow forecasts for the next years, which reflect the strategy of the Group. Management acknowledges that uncertainty remains in these cash flow forecasts, but the Company is confident that, taking into account its available cash, cash equivalents and facilities available to the Company as committed facilities, it has sufficient liquidity to meet its present and future obligations and cover working capital needs.

The Group complied with all requirements of the loan covenants on its available credit facilities throughout the reporting period, i.e. a liquidity covenant of €215.3 million and a leverage covenant of 4.25.

7.4.2. Income taxes

The Group has tax losses and other tax incentives that can be used to offset future taxable profits, mainly in Belgium, France, United States and Spain amounting to €595.1 million at December 31, 2023 (€544.5 million at December 31, 2022).

The Group has only recognized deferred tax assets on €61.9 million of tax losses and other tax incentives out of the €595.1 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).

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 EC Decision for the reason that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme. The European Commission appealed the General Court's judgement of February 14, 2019 to the EU Court of Justice and in September 2021, the Court decided that the proceedings regarding the EPR decision must be re-opened before the General Court. The General Court judgement of September 20, 2023 upholds the EC Decision. On December 6, 2023 Ontex appealed the judgement of September 20, 2023 before the EU Court of Justice. Ontex awaits 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.

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. The outcome of these goodwill impairment tests in 2023 did not result in an impairment. In 2022, an impairment amounting to €84.1 million was recognized on the CGU "Russia" and was entirely allocated to the goodwill. 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 (Brazil, Turkey, Algeria and Pakistan). 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.

Climate-related matters

In the preparation of its impairment exercises, the Group also considers climate risks. A climate risk assessment has been conducted during 2023, focusing on both physical and transition risks to better prepare the Group for and mitigate the effects of climate change.

Physical risks entail more frequent and severe adverse natural events, such as the disruption of both own operations and key suppliers' activities due to extreme weather events. Transition risks are related to changes made in response to climate change issues, such as carbon taxes and upcoming legislations, the latter are industry-related and not entity-specific.

The scenarios studied (RCP 2.6 and RCP 8.5, see Sustainability Report) are scientifically validated by the Intergovernmental Panel on Climate Change (IPCC) and represent two extreme possibilities for future greenhouse gas emissions and resulting climate change impacts. The exposure to specific climate risks integrates the likelihood of each climate risk at the specific area or location of a production site, as well as the existing solutions in place to protect production sites against such risks and also the effects on the performance of the activity. Although some production sites might already be exposed to extreme weather such as heat waves, a business continuity plan has already been developed to prevent any impact on our operations.

The climate risk assessment has also identified exposure to potential physical risks (such as wildfire) that could disrupt the supply chain related to renewable materials (pulp, cotton). To limit the exposure associated to such risks, the Group is already implementing preventive actions, with the ambition to source 100% certified materials (91% in 2023), thereby mitigating these risks.

The Group efforts to limit the exposure of transitional risks (such as carbon taxes and upcoming legislations) that the industry could face is translated into the Sustainability Strategy by

(1) having climate targets recognized by the Science Based Targets initiative (SBTi), aligning with the Paris Agreement goals;

(2) increasing the recycled content in our packaging (with the aim to reach >30% recycled or renewable content in our plastic packaging by 2025) on top of already having 100% recyclable packaging.

Although the Group has a certain exposure to different climate related risks, it was concluded that they do not have a material impact on the current impairment exercise as they only have an impact on a long term and the Group is confident that it has already taken the necessary measures or will be able to take these in order to limit the exposure to the current risks. The Group will continue to monitor climate related risks and mitigate those through a mitigation plan.

Sensitivity analysis

For more details on the impairment test performed, we refer to note 7.9. The discount rates used are summarized here below:

in %	Full Year	
	2023	2022
Pre-tax discount rate		
Europe	8.9%	9.6%
North America	8.1%	9.1%
Russia	18.5%	18.8%

As a result of the impairment recognized in 2022 on the CGU “Russia”, no goodwill is allocated anymore to this CGU.

A sensitivity analysis indicates that the recoverable amount of Europe, North America and Russia would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 14.3%, 11.1% and 27.4% 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 the CGUs decrease by 40.0%, no impairment would need to be recognized. For Russia, no perpetual growth rate has been taken into account, given the uncertain economic environment.

Should the estimated operating margins for any of the CGUs 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 that was announced at the end of 2021 and formalized beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the "Emerging Markets". Activities in "Emerging Markets" were and are primarily driven by own brands and essentially grouped 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. The sale of the Central American activities was finalized beginning of May 2023 and as such, are no longer included in the Assets held for sale at December 31, 2023.

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, 2023, 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.

7.4.10. Operations in Russia

Ontex is closely following 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 2023, Ontex generated €104.1 million (2022: €157.2 million) revenue in Russia. The fixed assets held in Russia represent €18.7 million (2022: €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 (i.e. growth capex) as well as a stop on exports from Russia, and the adaptation to the evolving economic sanctions and supply disruptions. The operating model evolved 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.

The Group already had a very limited presence in Ukraine prior to the conflict, only having a few people in commercial roles and no owned production or assets, and now maintains a minimum activity level without putting any of its employees in danger. Ontex realized a revenue of approximately €5.0 million in 2023 in Ukraine.

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, 2023			
in € million	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		29.0	29.0	Level 3
Trade receivables		206.1	206.1	Level 2
Other receivables		63.5	63.5	Level 2
Derivative financial assets	5.1		5.1	
Interest rate swap	*4.2*		*4.2*	Level 2
Forward foreign exchange contracts	*0.9*		*0.9*	Level 2
Cash and cash equivalents		97.2	97.2	Level 2
Assets classified as held for sale		296.1	296.1	Level 3
Total Financial Assets	**5.1**	**691.8**	**696.9**	
Interest-bearing debts - non-current		671.8	647.6	
Senior Notes		*575.5*	*551.4*	Level 1
Lease & other liabilities		*96.3*	*96.3*	Level 2
Derivative financial liabilities	5.4		5.4	
Forward foreign exchange contracts	*5.2*		*5.2*	Level 2
Commodity hedging contracts	*0.2*		*0.2*	Level 2
Other payables - non-current		1.0	1.0	Level 2
Interest-bearing debts - current		141.1	141.1	
Syndicated Term Loan A < 1 year		*113.1*	*113.1*	Level 2
Accrued interests - Other		*9.5*	*9.5*	Level 2
Lease & other liabilities		*18.6*	*18.6*	Level 2
Trade payables		370.5	370.5	Level 2
Other payables - current		20.6	20.6	Level 2
Liabilities related to assets classified as held for sale		136.6	136.6	Level 3
Total Financial Liabilities	**5.4**	**1,341.5**	**1,322.8**	

in € million	December 31, 2022			
	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**	

Hedge accounting

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, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Derivative financial assets	**5.1**	**12.1**	**237.1**	**325.0**
Interest rate swap	*4.2*	*7.7*	*150.0*	*150.0*
Forward foreign exchange contracts	*0.9*	*4.4*	*87.1*	*175.0*
Derivative financial liabilities	**5.4**	**15.0**	**211.9**	**375.8**
Forward foreign exchange contracts	*5.2*	*13.8*	*198.1*	*368.8*
Commodity hedging contracts	*0.2*	*1.2*	*13.8*	*7.0*

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, 2022	Amounts recognized in 2023	Amounts derecognized (Recycled to P&L) in 2023	Total Movement 2023	December 31, 2023
Forward foreign exchange contracts	(9.3)	5.1	1.5	6.6	(2.7)
Commodity hedging contracts	(1.1)	(5.4)	6.3	0.9	(0.2)
Interest rate swap	7.6	0.5	(8.1)	(7.6)	0.0

	OCI				
in € million	December 31, 2021	Amounts recognized in 2022	Amounts derecognized (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 tables above do not reconcile with the Consolidated Statement of Changes in Equity as a result of the deferred tax on the derivatives included in the Other Comprehensive Income for an amount of €0.7 million for the Total Group (2022: €0.9 million), and derivates within Assets held for sale for an amount of €-0.3 million (2022: €-0.5 million).

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, 2023 (nor 2022).

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 crown (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 crown (CZK) and Australian dollar (AUD) due to their net investments in foreign operations.

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, 2023	December 31, 2022	December 31, 2023	December 31, 2022
EUR	1,880.8	1,879.9	2,520.2	2,765.6
USD	187.6	132.7	188.2	154.3
MXN	91.7	0.0	97.7	14.0
PLN	84.8	85.7	51.6	49.7
GBP	79.2	67.0	51.0	42.6
RUB	37.6	30.9	3.3	4.8
CZK	13.4	27.0	12.6	20.9
AUD	19.1	25.4	12.0	17.2

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 2023 maturing at the latest in March 2025 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 2024. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2024: for British pound (GBP) 81.2 million, for Polish zloty (PLN) 278.3 million, for Australian dollar (AUD) 24.7 million, for Czech crown (CZK) 897.9 million, for US dollar (USD) 70.2 million versus EUR and US dollar (USD) 18.5 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, 2023, an unrealized gain of €11.7 million (mainly Mexican peso versus EUR for €11.1 million and US dollar versus EUR for €0.6 million) has been recognized in other comprehensive income, offset by an unrealized loss of €5.1 million (mainly British pound, Czech crown and Polish zloty).

As of December 31, 2023, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €0.9 million (2022: €4.4 million) and of the derivative financial liability amounted to €5.2 million (2022: €13.8 million).

An amount of €1.5 million was reclassified to P&L (loss) during 2023 (2022: €0.4 million loss).

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 for the outstanding derivative positions with all other variables held constant.

	10% weakening of the EUR			10% strengthening of the EUR		
	2023		2022	2023		2022
in € million	Impact on P&L	Impact on Equity	Impact on P&L	Impact on P&L	Impact on equity	Impact on P&L
AUD	(0.2)	(1.5)	(0.2)	0.2	1.2	0.2
GBP	(1.0)	(9.2)	(0.9)	0.8	7.5	0.8
PLN	(0.7)	(6.3)	(0.8)	0.5	5.2	0.7
USD	1.7	4.8	(1.9)	(1.4)	(4.0)	1.6

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.

The Floating Rate Syndicated Term Loan A of €220.0 million was repaid during 2023 following the sale of the Mexican business. The Group was hedged for the related interest rate risk through its interest rate swap of €150.0 million. Following the repayment of the Term Loan, the hedging relationship became ineffective as the remaining outstanding facilities, the Floating Rate Syndicated Term Loan B and C bear an interest rate of EURIBOR 1 month + margin, versus the EURIBOR 3 month + margin of Term Loan A. Consequently, the fair value of the interest rate swap has been reclassified to the income statement and any fluctuations will run through the income statement going forward. Depending on the amount withdrawn under the Floating Rate Syndicated Term Loan B and C, the interest rate swap also partially covers the interest rate risk under the existing factoring agreement, which carries a floating rate of EURIBOR 1 month + margin.

At December 31, 2023, there has been €115.0 million withdrawn on Floating Rate Syndicated Term Loan B and C, carrying an interest of EURIBOR 1 month + margin of 3.50%.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31, 2023, 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 €0.1 million higher/lower. 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.

The notional principal amounts of the outstanding fixed payer interest rate swap contract at December 31, 2023 is €150.0 million as per below table:

Duration	Fixed interest rate %	Amount in € million
1 Year	0.5950%	150.0
Total		**150.0**

The OCI net impact for 2023 was a €7.7 million gain (2022: €9.5 million gain). €8.1 million was reclassified to P&L (gain) during 2023 (2022: €0.4 million loss).

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.

The Group also decided to continue to hedge a portion of the fluff, propylene, polypropylene, polyethylene and LDPE exposure in 2023.

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 2023 was €111.1 million covering fluff (€98.9 million), propylene (€7.1 million), polypropylene (€3.4 million) and LDPE (€1.7 million). The average hedged rate for 2023 was €1,766/Ton for fluff, €1,008/Ton for propylene, €2,265/Ton for polypropylene and €2,355/Ton for LDPE.

The OCI net impact for 2023 was a €0.9 million gain (2022: €2.3 million loss). €6.3 million was reclassified to P&L (loss) during 2023 (2022: gain of €2.3 million).

Sensitivity of the fair value of derivative financial instruments related to commodities: at December 31, 2023, if there would be a shift of the commodity forward curve by 10% increase/decrease with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €1.4 million higher / €1.4 million lower (2022: impact was €0.6 million higher / €0.6 million lower).

7.5.6. Equity price risk

Following the issuance of options, RSU's and PSU's as share-based payment arrangements under the different long-term incentive programs ("LTIP") (refer to note 7.28 for details of these programs), the Group is exposed to variations in the Group share price.

The Board has decided on June 1, 2015 to implement a full hedging program through a total return swap. The purpose of this financial instrument was to effectively hedge the risk that a share price increase of the Ontex shares would negatively impact future cash flows as a result of the Company's share-based payment obligations. During 2022, the existing program was not renewed and all shares acquired under that program are therefore now owned by the Group.

In addition, in May 2023, the Company issued a one-time grant of PSUs covering financial years 2023, 2024 and 2025 under the Company's 2023-2025 "Value Creation Projects" Long-Term Incentive Plan (the "VCP LTIP")). For further details on the VCP LTIP, please refer to the Remuneration Report, which forms part of the annual report. The VCP LTIP provides that, at vesting (in May 2026), the Company shall deliver to beneficiaries either existing shares of the Company, newly issued shares of the Company or a combination of both. As the default option, the Board has foreseen that the shares to be delivered upon vesting under the VCP LTIP will be newly issued shares. The Board may however elect to deliver (in full or in part) existing shares instead of newly issued shares. To deliver newly issued shares, the Board would make use of the authorized capital, which allows the Board, within the limits set by Belgian law and the authorization granted by the shareholders' meeting, to increase the Company's capital without further shareholder approval. Any such issuance of new shares would lead to a corresponding dilution for existing shareholders.

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 their 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 2023 and 2022. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

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, 2023				
Interest-bearing debts	(136.1)	(20.4)	(590.6)	-
Lease liabilities	(30.0)	(26.9)	(46.2)	(70.9)
Trade payables	(370.5)	-	-	-
Total non-derivative financial liabilities	**(536.6)**	**(47.3)**	**(636.8)**	**(70.9)**
Interest rate swaps	-	-	-	-
Forward foreign exchange contracts	(274.5)	(10.7)	-	-
Total derivative financial liabilities	**(274.5)**	**(10.7)**	**-**	**-**
At December 31, 2022				
Interest-bearing debts	(34.0)	(361.6)	(611.0)	(0.0)
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)**	**-**	**-**

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; and
- Feminine Care products, such as sanitary towels, panty liners and tampons.

	Full Year	
in € million	**2023**	**2022**
Baby Care	790.0	765.0
Adult Care	736.4	653.6
Feminine Care	241.3	222.0
Other	27.0	31.6
Total revenue	**1,794.7**	**1,672.2**

7.6.2. Information by country

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 4% of Ontex Revenue. Sales to countries in our top five 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	**2023**	**2022**
United Kingdom	303.9	253.8
Italy	219.3	180.4
USA	197.2	205.1
France	190.2	182.7
Poland	167.8	138.2
Other countries	716.2	711.8
Total revenue	**1,794.7**	**1,672.2**

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, 2023	December 31, 2022
Belgium	123.5	133.5
Poland	83.7	68.5
Spain	72.3	48.9
Mexico	68.0	52.4
Germany	51.3	49.7
Czech Republic	46.0	50.0
Other countries	154.4	160.0
Total	**599.4**	**562.9**

7.6.3. Revenue from major customers

The Group does not have a single significant customer. In 2023 the largest customer represents 8.5% (2022: 7.8%) of the revenue. The 10 largest customers represent 37.3% of 2023 revenue (2022: 37.1%).

7.7. LIST OF CONSOLIDATED COMPANIES

Name	Country	Percentage of interest held by the Group 2023	Percentage of interest held by the Group 2022	Registered office	Company legal number
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
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. 1)	Chile	0.0%	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
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
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

Name	Country	Percentage of interest held by the Group 2023	Percentage of interest held by the Group 2022	Registered office	Company legal number
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 [1]	Mexico	0.0%	100.0%	Ibsen N40 4to piso, col. Polanco Delegacion Miguel Hidalgo CP 11560 Mexico	GPI950824N64
Productos Internacionales Mabe, S.A de C.V[1]	Mexico	0.0%	100.0%	Calle Norte 12, Ciudad Industrial 105,22505 Tijuana, Mexico	PIM810710R32
Ontex Mexico Operations S.A. de C.V.[2]	Mexico	100.0%	100.0%	Calle 12 Norte No. 105, Ciudad Industrial, Tijuana, Mexico	OMO220624KA3
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
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] Chicolastic Chile, S.A., Grupe P.I. Mabe, S.A. de C.V. and Productos Internacionales Mabe, S.A. de C.V. were sold as part of the divestment of the Mexican business, see note 7.8

[2] Ontex Mexico Operations S.A. de C.V. was founded in the course of 2022

The percentage of voting rights directly or indirectly held by the Group in the subsidiaries listed in the table above is equal to the percentage of equity interest directly or indirectly held by the Group.

The Group's most significant 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, 2023 the following companies make use of the exemptions in accordance with the German regulations of § 267 section 3 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 that was announced at the end of 2021 and formalized in the beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the “Emerging Markets”. Activities in “Emerging Markets” were and are primarily driven by own brands and essentially grouped 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 are 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 1, 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 at December 31, 2022 and deviate from the amount in the consolidated statement of financial position as the Group also held a building in Germany as held for sale at the end of 2022. This building was sold in the course of 2023.

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. Closing of the transaction occurred at the beginning of May 2023 and the proceeds from the transaction were exclusively applied to reduce debt. During 2023, Ontex entered into binding agreements for the sale of both its Algerian and Pakistan business. The closing for both transactions is foreseen in the first half of 2024, subject to customary conditions.

Ontex continues working on the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue.

Disposal group classified as held for sale

Within the result for the period from discontinued operations, there are EBITDA adjustments for an amount of €27.1 million (in 2022: €122.6 million) of which €14.4 million (in 2022: €12.6 million) is related to changes to the group structure, including the sale of the Mexican business, and €12.7 million (in 2022: €110.0 million) is related to impairment losses. An exit tax of €2.6 million was incurred which is included in the carrying amount of net assets sold as already provided for at the moment of closing.

In 2023, a loss of €11.2 million is related to the sale of the Mexican business and is detailed as follows:

in € million	Full Year 2023
Total cash received at December 31, 2023	**229.8**
Cash disposed	(30.3)
Net cash impact	**199.6**
Deferred consideration at December 31, 2023*	27.7
Carrying amount of net assets sold	(242.1)
Result on disposal before reclassification of foreign currency translation reserve	**(14.9)**
Reclassification of foreign currency translation reserve	3.7
Result on disposal	**(11.2)**

*The deferred consideration in the above table differs from the Non-current receivables in the consolidated statement of financial position due to the revaluation of the above deferred consideration at year-end and some smaller non-current other receivables

The impairment losses in 2023 are related to impairments on the business in Algeria (€9.0 million) and Pakistan (€3.6 million) in the first half of 2023 and are based on the expected proceeds of its disposal less costs to sell versus the carrying amount of the related net assets. At year-end, no additional impairment was needed.

In 2022, impairment losses on goodwill of €108.9 million were recognized based on a comparison of the expected proceeds of disposal of the Mexican business less costs to sell versus the carrying amount of the related net assets. Furthermore, €33.2 million of impairment was related to the Turkish business. No additional impairment on the Turkish business was needed in 2023.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

in € million	December 31, 2023	December 31, 2022
Non-current Assets		
Goodwill	0.0	83.8
Intangible assets	0.1	17.1
Property, plant and equipment	69.4	183.8
Right-of-use assets	18.0	16.3
Deferred tax assets	4.1	0.4
Other non-current assets	0.3	0.5
	92.0	**301.9**
Current Assets		
Inventories	57.7	116.1
Trade receivables	63.6	115.4
Prepaid expenses and other receivables	7.9	53.8
Current tax assets	3.8	6.5
Derivative financial assets	0.0	0.5
Cash and cash equivalents	71.1	59.7
	204.1	**352.0**
Assets classified as held for sale	**296.1**	**653.9**

in € million	December 31, 2023	December 31, 2022
Non-current liabilities		
Employee benefit liabilities	2.8	3.4
Interest-bearing debts	15.3	16.8
Deferred tax liabilities	7.6	12.9
Other payables	0.0	0.0
	25.7	**33.1**
Current liabilities		
Interest-bearing debts	5.4	22.2
Derivative financial liabilities	0.2	0.4
Other current financial liabilities	0.0	0.0
Trade payables	82.2	154.1
Accrued expenses and other payables	11.8	19.6
Employee benefit liabilities	8.5	12.5
Current tax liabilities	0.0	4.8
Provisions	2.8	2.9
	110.9	**216.5**
Liabilities related to assets classified as held for sale	**136.6**	**249.6**

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2023 were €304.7 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 2023	Full Year 2022
Revenue	**546.8**	**792.3**
Operating expenses (excl. depreciations and amortizations)	(497.4)	(760.6)
Adjusted EBITDA	**49.4**	**31.7**
Income and expenses related to impairment losses and restructuring	(27.1)	(122.6)
EBITDA	**22.3**	**(90.9)**
Depreciation and amortization	-	-
Financial result	(8.8)	(19.9)
Profit/(loss) before income tax	**13.5**	**(110.7)**
Income tax expense	(5.7)	(10.9)
Profit/(loss) for the period from discontinued operations	**7.9**	**(121.6)**

Earnings per share (€)	Full Year 2023	Full Year 2022
For discontinued operations		
Basic earnings per share	0.10	(1.50)
Diluted earnings per share	0.09	(1.50)

Cash flows

The cash flow information presented for the period ended December 31, 2023 and 2022:

in € million	Full Year 2023	Full Year 2022
Net cash generated from / (used in) operating activities	117.6	14.4
Net cash generated from / (used in) investing activities	37.8	(13.1)
Net cash generated from / (used in) financing activities	(139.1)	(4.2)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**16.3**	**(2.9)**
Effects of exchange rate changes on cash and cash equivalents	(4.9)	1.5

The above cash flow does not include the total cash received for the sale of the Mexican activities as this was received by the owners of the Mexican activities, i.e. Ontex BV and Eutima BV, which are part of the continuing operations.

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 January 1, 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, Ontex has applied hyperinflation accounting for its Turkish subsidiary in these financial statements applying the IAS 29 rules as follows:

- Hyperinflation accounting was applied as of January 1, 2022 and was continuously applied during 2023;
- 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 on the finance line in 2023 amounted to €-10.0 million (2022: €-9.7 million). The CPI index at 31 December 2023 amounted to 1,859.38 which means an increase of 65% versus 31 December 2022;
- 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 2023 amounted to €1.2 million (2022: €-0.4 million).

In 2023, the Turkish operations after hyperinflation accounting represented 17.0% (2022: 12.2%) of the company's revenue from discontinued operations.

The hyperinflation impact on the net assets held for sale presented above of €159.5 million, amounts to €14.7 million (2022: €29.0 million). The decrease is mainly explained by the impairment on the goodwill included in the Turkish business at December 31, 2022 and which is consequently no longer subject to Hyperinflation.

7.9. GOODWILL AND INTANGIBLE ASSETS

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Period ended December 31, 2023						
Opening net book amount	**797.9**	**(0.0)**	**4.1**	**18.9**	**9.6**	**830.6**
Additions	0.0	0.0	0.3	7.4	3.0	**10.7**
Transfers	0.0	0.0	5.0	0.3	(5.0)	**0.3**
Amortization expense	0.0	0.0	(1.7)	(7.6)	0.0	**(9.2)**
Impairment	0.0	0.0	(0.4)	(1.4)	0.0	**(1.8)**
Exchange differences	(1.9)	(0.0)	0.0	(0.0)	(0.0)	**(1.9)**
Closing carrying amount	**796.0**	**(0.0)**	**7.4**	**17.7**	**7.5**	**828.6**
At December 31, 2023						
Cost	847.1	0.0	14.7	75.4	21.6	**958.9**
Accumulated amortization and impairment	(51.1)	0.0	(7.4)	(57.7)	(14.1)	**(130.2)**
Carrying amount	**796.0**	**0.0**	**7.4**	**17.7**	**7.5**	**828.6**

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Period 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**

Capitalized IT implementation costs represent internally developed and externally purchased software for own use.

The impairment recognized in 2022 mainly results from the goodwill impairment test carried out on the Russian business, see note 7.9.1 for more information.

The amortization expense is included in the captions of the consolidated income statement as follows:

in € million	2023	2022
Cost of sales	0.1	0.1
General and administrative expenses	9.2	9.1
Total amortization expense	**9.2**	**9.2**

The Group incurred €13.5 million of research and development expenses in 2023 (2022: €11.8 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 in 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 that was announced at the end of 2021 and formalized in the beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the “Emerging Markets”. Activities in “Emerging Markets” were and are primarily driven by own brands and essentially grouped 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. The test at year-end did not lead to any impairment. In 2022, an impairment of €84.1 million was recognized on the CGU “Russia”, and was entirely allocated to goodwill.

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	2023	2022
Europe	743.1	743.1
North America	53.0	54.9
Goodwill allocated to the CGU's	**796.0**	**797.9**

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 2027. 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 note 7.4.4.

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 2027, and pre-tax discount rates for each CGU, as described in note 7.4.4, 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, 2023.

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.

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, 2023						
Opening carrying amount	**77.8**	**300.4**	**0.9**	**0.4**	**40.6**	**420.1**
Additions	1.9	25.4	0.3	0.7	51.9	**80.3**
Transfers	3.2	12.2	(0.1)	(0.3)	(15.4)	**(0.3)**
Disposals	(3.9)	(0.3)	(0.0)	0.0	(0.3)	**(4.5)**
Depreciation expense	(2.8)	(36.7)	(0.2)	(0.2)	0.0	**(39.9)**
Impairment	(0.0)	0.3	0.0	0.0	(0.3)	**0.0**
Capital grants received	0.0	(0.4)	0.0	0.0	0.0	**(0.4)**
Exchange differences	(0.0)	2.9	(0.0)	0.0	0.9	**3.8**
Reclassified as held for sale	(0.1)	(3.4)	(0.0)	0.4	5.5	**2.4**
Closing carrying amount	**75.9**	**300.6**	**0.9**	**1.1**	**83.0**	**461.5**
At December 31, 2023						
Cost	124.1	567.0	3.7	4.1	83.0	**781.9**
Accumulated depreciation and impairment	(48.2)	(266.4)	(2.8)	(3.0)	0.0	**(320.4)**
Carrying amount	**75.9**	**300.6**	**0.9**	**1.1**	**83.0**	**461.5**

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)		**(338.7)**
Carrying amount	**77.8**	**300.4**	**0.9**	**0.4**	**40.6**	**420.1**

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

Impairment losses in 2022 are limited to €4.4 million and is related to an expected decreased utilization rate on some machinery. In 2023, no material impairments were needed.

The depreciation expense is included in the consolidated income statement as follows:

in € million	2023	2022
Cost of Sales	36.1	34.3
Distribution expenses	1.2	1.3
Sales and marketing expenses	0.1	0.1
General administrative expenses	1.4	2.4
Other operating income	1.1	1.8
Total depreciation expense	**39.9**	**40.0**

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, 2023				
Opening carrying amount	**100.1**	**2.5**	**7.5**	**110.1**
Additions	0.3	0.7	7.2	**8.2**
Transfers	0.0	0.0	0.0	**0.0**
Disposals	0.0	0.0	0.1	**0.1**
Depreciation expense	(15.5)	(1.2)	(4.7)	**(21.5)**
Impairment	(2.9)	0.0	0.0	**(2.9)**
Modifications to lease liabilities	10.5	0.3	0.6	**11.4**
Exchange differences	(0.1)	0.0	(0.1)	**(0.2)**
Closing carrying amount	**92.3**	**2.3**	**10.6**	**105.3**
At December 31, 2023				
Cost	157.4	5.3	21.8	**184.5**
Accumulated depreciation and impairment	(65.0)	(3.1)	(11.2)	**(79.3)**
Carrying amount	**92.3**	**2.3**	**10.6**	**105.2**

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**

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, 2023, potential future cash outflows of €9.3 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) (2022: €17.8 million).

The consolidated income statement presents the following amounts relating to leases:

in € million	2023	2022
Cost of Sales	7.5	7.2
Distribution expenses	9.4	8.8
Sales and marketing expenses	1.1	1.3
General administrative expenses	3.2	3.3
Other operating income/(expenses)	0.3	0.6
Total depreciation expense	**21.5**	**21.2**
Interest expense	4.4	4.3
Expense relating to short-term leases	13.8	14.6
Expense relating to leases of low-value assets	0.2	0.3
Expense relating to variable lease payments	3.4	3.7

The lease liabilities are detailed in note 7.17.

7.12. INVENTORIES

Inventories can be split as follows:

in € million	December 31, 2023	December 31, 2022
Raw materials	122.8	148.7
Work in progress	1.0	0.8
Finished goods	137.2	122.6
Other	6.2	5.1
Write-down on inventories	(14.4)	(12.9)
Inventories	**252.8**	**264.3**

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 €1,327.3 million in 2023 (€1,294.7 million in 2022).

7.13. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES

The current trade and other receivables are detailed below:

in € million	December 31, 2023	December 31, 2022
Trade receivables	210.4	195.9
Less: allowance for impairment of trade receivables	(4.4)	(4.1)
Trade receivables - net	**206.1**	**191.8**
Prepayments	4.8	4.8
Other amounts receivable	58.7	32.1
Prepaid expenses and other receivables	**63.5**	**36.8**
Trade and other receivables - Current	**269.5**	**228.6**

Other amounts receivable include recoverable VAT for an amount of €55.5 million for 2023 (2022: €29.4 million). 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, 2023	December 31, 2022
Not due	182.5	164.7
0 to 30 days	12.6	16.6
31 to 60 days	4.4	4.4
61 to 90 days	1.6	1.5
Over 90 days	5.0	4.5
Total	**206.1**	**191.8**

The Group does not systematically apply external credit rating.

The carrying amount of the Group's trade receivables (net) are denominated in the following currencies:

in € million	December 31, 2023	December 31, 2022
EUR	87.7	71.8
PLN	33.6	34.5
USD	25.9	29.3
GBP	29.0	26.9
RUB	14.7	16.5
Other	15.3	12.8
Total	**206.1**	**191.8**

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, 2023	December 31, 2022
Opening Balance	4.1	8.6
Allowance for receivable impairment	0.8	0.3
Receivables written off during the year as uncollectible	(0.3)	(0.3)
Unused amounts reversed	(0.0)	(0.1)
Foreign exchange differences	(0.2)	0.1
Reclassified as held for sale	-	(4.4)
At December 31	**4.4**	**4.1**

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 “Factor”). 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 the Group.

The non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance has an interest rate based on Euribor 3 months + margin and the all-in cost for factoring, including interest and factoring fees is €6.4 million for 2023, compared to €1.9 million in 2022 driven mainly by an increase in interest rates.

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.

For the non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance, at December 31, 2023 the trade receivables before factoring amounted to €178.3 million out of which €112.0 million was derecognized leading to a continuing involvement of €66.3 million. As at December 31, 2022 the trade receivables before factoring balance was €161.0 million out of which €117.7million was derecognized leading to a continuing involvement of €43.3 million.

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 , BFF and Ontex Russia has agreements with AK BARS BANK PJSC and Rosbank. The all-in cost for factoring, including interest and factoring fees for these programs amounts to €3.1 million for 2023, compared to €1.3 million in 2022 also driven mainly by an increase in interest rates.

As at December 31, 2023, €155.8 million (December 31, 2022, €165.5 million) of financing was obtained through the above mentioned factoring programs, this is in addition to €4.3 million (December 31, 2022: €3.4 million) of financing which was obtained through the use of supply chain financing programs offered by our customers. Including the factoring amount in the Assets held for sale (€3.7 million), the total outstanding factoring amount at December 31, 2023, amounts to €163.8 million. The late payment risk related to the factoring has been assessed as immaterial at closing 2023 and 2022.

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, 2023	December 31, 2022
Short-term bank deposits (no longer than 3 months)	23.5	15.4
Cash at bank and on hand	73.7	133.7
Total	**97.2**	**149.1**

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, 2023	December 31, 2022
AA	0.8	1.6
A	69.7	142.8
BBB	0.4	1.1
BB	0.5	1.4
No credit rating	25.8	2.2
Total	**97.2**	**149.1**

7.15. SHARE CAPITAL

The share capital and premium of €1,208.0 million is represented by 82,347,218 shares, of which 1,199,429 treasury shares (2022: 1,270,500 treasury shares). As such, 81,147,789 shares (2022: 81,076,718) are held by third parties.

The issued capital is fully paid up and consists of ordinary shares without par value.

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 2023 was 81,105,045, which is the weighted average number of shares for 2023 (2022: 81,030,032 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	**2023**	**2022**
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	26.9	(148.7)
Profit/loss attributable to equity holders of the Company	34.8	(270.3)
Diluted earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	26.9	(148.7)
Profit/loss attributable to equity holders of the Company	34.8	(270.3)
Adjusted Basic Earnings		
Profit from continuing operations attributable to equity holders of the Company	26.9	(148.7)
EBITDA adjustments	14.9	103.0
Tax correction	(3.3)	(4.4)
Adjusted Basic Earnings	**38.6**	**(50.1)**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**38.6**	**(50.1)**

	Full Year	
Number of Shares	**2023**	**2022**
Weighted average number of ordinary shares outstanding during the period	81,105,045	81,030,032
Dilution	2,484,081	285,935

	Full Year	
Earnings per share (€)	**2023**	**2022**
For continuing operations		
Basic earnings per share	0.33	(1.83)
Diluted earnings per share	0.32	(1.83)
Adjusted basic earnings per share	0.48	(0.62)
Adjusted diluted earnings per share	0.46	(0.62)
For continuing and discontinued operations		
Basic earnings per share	0.43	(3.34)
Diluted earnings per share	0.42	(3.34)

A weighted average number of 2,891,615 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2023 (2022: 3,377,976 options).

7.17. INTEREST-BEARING DEBTS

in € million	December 31, 2023	December 31, 2022
Non-current		
Borrowings:	575.7	791.4
Senior Notes	*575.5*	*573.8*
Syndicated Term Loan A > 1 year	*0.0*	*217.3*
Other borrowings	*0.2*	*0.2*
Lease and other liabilities	96.1	100.4
Lease liabilities	*96.1*	*100.4*
Interest-bearing debts non-current	**671.8**	**891.7**
Current		
Borrowings:	122.5	125.4
Senior revolving Facility B	*113.1*	*115.0*
Accrued interests	*9.5*	*10.4*
Lease and other liabilities	18.6	20.0
Lease liabilities	*18.6*	*20.0*
Other financial liabilities	*-*	*(0.0)*
Interest-bearing debts current	**141.1**	**145.4**
Total interest-bearing debts	**812.9**	**1,037.1**

All borrowings are denominated in € as of December 31, 2023.

During May 2023, the Group announced that it has reimbursed its €220.0 million term loan, with proceeds from its recently divested Mexican business activities. On June 1, 2023, it also reached an agreement with the bank syndicate to extend its current revolving credit facility of €250.0 million, from June 2024 to December 2025.

The maximum amount of the extended revolving credit facility is raised to €269.1 million until June 2024 and then set at €242.5 million until maturity. Initially, it carries a slightly higher interest rate than before the extension, similarly based on EURIBOR 1 month plus a margin. The margin is subject to the leverage ratio and equals 2.60% at a leverage of 4.0, which was the maximum leverage target set by Ontex for the end of 2023. At December 31, 2023, an amount of €115.0 million was utilized on the revolving credit facility, which is the same as at December 31, 2022.

Ontex's main financing consists of its €580.0 million High Yield bond ('Senior Notes'), with a coupon of 3.50% fixed rate maturing in July 2026.

The following table reconciles the movements of the financial liabilities to the cash flows arising from financing activities:

December 31, 2023 in € million	Opening carrying amount	Cash flows	Non-cash movements					Closing carrying amount	Of which held for sale
			Acquisition	Scope out	Exchange differences	Reclasses	Other		
Non-current interest-bearing debts									
Borrowings	793.4	(220.0)	-	-	(0.3)	(1.9)	4.4	575.7	0.0
Lease and other liabilities	115.2	(24.8)	11.0	(1.1)	(3.2)	1.6	12.7	111.3	15.3
Current interest-bearing debts									
Borrowings	134.1	(11.1)	-	-	(0.5)	1.9	(0.9)	123.5	0.9
Lease and other liabilities	33.5	(8.0)	-	(0.9)	0.2	(1.6)	(0.1)	23.0	4.5
Total liabilities from financing activities	**1,076.1**	**(263.9)**	**11.0**	**(2.0)**	**(3.8)**	**0.0**	**16.2**	**833.5**	**20.7**
Presented in the statement of cash flows (financing activities) as follows:									
Proceeds from borrowings		121.9							
Repayment of borrowings		(385.8)							

December 31, 2022 in € million	Opening carrying amount	Cash flows	Non-cash movements					Closing carrying amount	Of which held for sale
			Acquisition	Scope out	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)							

7.17.1. Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored. At year-end 2023 and 2022, 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 €55.0 million lines of credit available, of which €25.9 million has been used through the issuance of external bank guarantees:

- €30.0 million from UniCredit
- €25.0 million from BPER

A line of credit of AUD 1.0 million has been granted to Ontex Manufacturing Pty Ltd by Commonwealth Bank Australia, of which AUD 0.3 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, 2023.

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, 2023	December 31, 2022
Post-employment benefits	13.8	12.5
Long-term benefits	1.1	1.1
Employee benefit liabilities	**14.9**	**13.5**
Short-term employee benefit liabilities	41.0	40.4
Net liability	**55.9**	**54.0**

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 its 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 €3.3 million (see also note 7.22 below; 2022: €4.1 million).

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, 2023, no liability has been recognized (2022: 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, 2023	December 31, 2022
RECOGNITION OF THE OBLIGATION		
Defined benefit obligation (DBO) at end of period	(32.0)	(26.2)
Fair value of plan assets at end of period	19.6	15.2
Funded status	**(12.4)**	**(11.1)**
Net (liability)/asset in statement of financial position	**(12.4)**	**(11.1)**
Defined benefit cost		
Current service cost	(1.6)	(2.2)
Past service cost	0.1	-
Service cost recognized in Income Statement	**(1.5)**	**(2.2)**
Interest expense on DBO	(1.1)	(0.3)
Interest income on plan assets	0.6	0.2
Net interest cost	**(0.5)**	**(0.2)**
Pension expense	**(2.0)**	**(2.4)**

in € million	December 31, 2023	December 31, 2022
RECONCILIATION OF THE OBLIGATION		
Defined benefit obligation (DBO) at beginning of year	**(26.2)**	**(33.6)**
Transfer to liability held for sale	-	2.4
Other significant events (transfers)	(4.4)	(0.0)
Current service cost	(1.6)	(2.2)
Past service cost	0.1	-
Service cost	**(1.5)**	**(2.2)**
Interest expense on DBO	(1.1)	(0.3)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.1	0.1
Benefit payments from plan	0.7	0.4
Benefit payments from employer	0.6	0.5
Effect of changes in financial assumptions	(0.5)	5.4
Effect of experience adjustments	0.3	1.1
Defined benefit obligation (DBO) at end of year	**(32.0)**	**(26.2)**

in € million	December 31, 2023	December 31, 2022
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE		
Fair value of plan assets at beginning of year	**15.2**	**14.7**
Transfer to liability held for sale	-	(0.4)
Interest income	0.6	0.2
Employer contribution	1.8	1.6
Plan participants' contributions	0.1	0.1
Other significant events (transfers)	3.7	-
Benefit payments from plan	(0.7)	(0.4)
Benefit payments from employer	(0.6)	(0.5)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.1)	(0.1)
Return on plan assets (excluding interest income)	(0.1)	0.0
Fair value of plan assets at end of year	**19.6**	**15.2**

in € million	December 31, 2023	December 31, 2022
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION		
Net (liability)/asset at beginning of year	**(11.1)**	**(18.9)**
Transfer to liability held for sale	-	2.0
Other significant events (transfers)	(0.8)	-
Defined benefit cost included in the income statement	(1.5)	(2.2)
Net interest expense	(0.5)	(0.2)
Total remeasurements included in OCI	(0.4)	6.5
Employer contributions	1.8	1.6
Net (liability)/asset at end of year	**(12.4)**	**(11.1)**
Unfunded versus Funded		
Part of DBO from plans that are wholly unfunded	(12.4)	(11.1)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2024 are €2.3 million.

Significant actuarial assumptions

	COUNTRY				
December 31, 2023	Mexico	Belgium	Germany	France	Italy
Discount rate	9.90%	3.50%	3,20% / 3,50% / 3,50% pensions & jubilee and 3,10% ATZ	3.20%	3.40%
Expected Interest Income	9.90%	3.50%	3,20% / 3,50% / 3,50% pensions & jubilee and 3,10% ATZ	3.20%	3.40%
Salary increase rate (on top of inflation)	4.54%	3.50%	N/A / N/A/ 2,50% ATZ	4.00%	N/A
Rate of inflation	4.00%	2.25%	2,25% / 0,00% / 2,00% only pensions	2.25%	2.50%
Mortality table	EMSSA09	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2017/2019	IPS55
Turnover table/rates	Based on company experience	Mercer turnover table	N/A / N/A / Only Jubilee: 10% of employees 60 years old and younger	New client's table, nil after age 50	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payements
Disability table/rates	N/A	N/A	N/A	N/A	N/A
Weighted average durations	11.0	5.8	7.0	11.2	8.2

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

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, 2023				
in € million	Mexico	Belgium	Germany	France	Italy
Discount rate - 0,25bp	(0.9)	(22.6)	(6.4)	(1.9)	(1.7)
Discount rate + 0.25bp	0.9	22.1	6.2	1.8	1.6
Salary increase - 0.25bp	(0.9)	(0.1)	(5.6)	(1.8)	(1.6)
Salary increase + 0.25bp	0.9	0.1	5.6	1.9	1.6

in € million	December 31, 2022 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

Post-Employment Benefits by Country

in € million	Mexico	December 31, 2023 Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION					
Defined benefit obligation (DBO) at end of period	(0.9)	(21.5)	(6.2)	(1.8)	(1.6)
Fair value of plan assets at end of period	-	19.6	-	-	-
Funded status	(0.9)	(1.9)	(6.2)	(1.8)	(1.6)
Net (liability)/asset in statement of financial position	**(0.9)**	**(1.9)**	**(6.2)**	**(1.8)**	**(1.6)**

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)**

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, 2023		December 31, 2022	
in € million	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Intangible assets	2.1	-	1.1	-
Property, plant and equipment	-	(45.4)	-	(45.4)
Leases	27.2	(23.0)	19.5	(14.9)
Inventories	6.1	-	2.8	-
Financial instruments	-	(0.6)	0.0	-
Employee benefits	3.2	-	3.1	-
Accrued expenses and other payables	4.3	-	3.9	-
Others	-	(0.2)	-	(0.1)
Tax losses	145.9	-	126.0	-
Tax credit	11.4	-	15.9	-
Deferred tax assets & liabilities - Gross	**200.4**	**(69.2)**	**172.4**	**(60.3)**
Net deferred tax assets not recognized	(139.3)	-	(121.2)	-
Offsetting	(49.3)	49.3	(39.0)	39.0
Deferred tax assets & liabilities - Net	**11.7**	**(19.9)**	**12.1**	**(21.3)**

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 €139.3 million (2022: €121.2 million) on the tax losses carried forward and tax incentives of tax attributes carried forward. Tax losses can in principle be carried forward indefinitely. The countries for which no deferred tax asset has been recognized are Belgium (€68.8 million), France (€39.4 million), United States (€14.6 million), Spain (€9.0 million), Poland (€4.8 million), Czech Republic (€2.6 million) and Germany (€0.2 million).

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.

As indicated in note 7.1.2, the Group applied the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law that is enacted or substantively enacted to implement the Pillar II legislation. The Group made an assessment of the Group's potential exposure to Pillar II income taxes using the most recent tax filings, Country-by-Country Reporting (CbCr) and financial statements for the constituent entities in the Group.

The Group's assessment, based on FY23 figures, indicates that:

- The Group is in scope of the enacted or substantively enacted legislation, given its consolidated revenues;

- in most of the jurisdictions, the Simplified Pillar II effective tax rate is above 15% and/or at least one of the other Transitional CbCR Safe Harbour tests is met (Routine Profits test and/or the Simplified De-Minimis test);
- There are only a very limited number of jurisdictions where the Transitional CbCR Safe Harbour relief does not apply. However, the Group does not expect a material Pillar II top-up tax exposure in those jurisdictions.

Further, the Group has the required procedures and controls in place to be compliant with local Pillar II requirements for financial years beginning on or after 1 January 2024.

7.19.2. Current taxes

in € million	December 31, 2023	December 31, 2022
Current tax assets	4.9	5.0
Current tax liabilities	(27.0)	(23.0)

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 €20.9 million actual corporate taxes payable (2022: €14.8 million) and €6.1 million of provision for uncertain taxes (2022: €8.2 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, 2023	December 31, 2022
Accrued expenses and other payables	20.6	22.6
Current accrued expenses and other payables	**20.6**	**22.6**
Trade payables	370.5	405.3
Employee benefit liabilities	41.0	40.4
Total current liabilities	**432.1**	**468.3**

The trade payables contains an accrual of €5 million regarding MedTech payback measure of the Italian Healthcare Law which was voted in 2015. Up till now, there is still a significant uncertainty on the scope and practical implementation of this law. During 2023, assessments were received which took into account incorrect revenue data and these were therefore appealed by Ontex. In November 2023, the decision on the constitutionality of the Italian MedTech payback measure has been transmitted to the Constitutional Court and pronouncement is expected at the earliest at the end of 2024. Meanwhile the administrative court ordered the suspension of the payment orders issued by the regions until the ruling of the Constitutional Court.

7.21. PROVISIONS

in € million	Legal claims	Restructuring	Other	Total
Opening Balance	**6.8**	**1.1**	**0.1**	**8.0**
Additional provisions	-	9.6	-	9.6
Unused amounts reversed	0.0	(1.2)	(0.0)	(1.1)
Used during the year	(0.2)	(6.1)	-	(6.4)
As at December 31, 2023	**6.6**	**3.4**	**0.1**	**10.0**
Of which current	*6.6*	*3.4*	*0.1*	*10.0*

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees. The restructuring provision in 2023 is related to smaller restructuring projects in various countries and is part of the continuous search for organizational optimization.

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, the CNMC has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, the CNMC issued an administrative fine of €5.2 million to Ontex. All companies, including Ontex, filed appeals with the National Court, and, following the rejection of the appeals by the National Court, with the Spanish Supreme Court. On July 6, 2023, the Supreme Court has rejected Ontex's appeal, rendering the CNMC decision and related administrative fine final. As per December 31, 2016, a provision amounting to €5.2 million has been accounted for. As at December 31, 2023, Ontex had not yet received a formal request for payment of the administrative fine. For that reason, the provision remains unchanged as per December 31, 2023.

7.22. EMPLOYEE BENEFIT EXPENSES

	Full Year	
in € million	**2023**	**2022**
Wages and salaries	(211.7)	(193.7)
Social security costs	(49.3)	(44.8)
Defined benefit plans - Service cost	(1.5)	(2.2)
Defined contribution costs	(3.3)	(4.1)
Other employee benefit expenses	(46.6)	(40.8)
Total employee benefit expenses	**(312.4)**	**(285.6)**

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	**2023**	**2022**
Average number of total employees	**5,470**	**5,351**
Of which:		
- workers	3,458	3,323
- employees	1,954	1,966
- management	58	62

7.23. OTHER OPERATING INCOME/(EXPENSES), NET

	Full Year	
in € million	**2023**	**2022**
Gain on sale of assets	0.3	-
Foreign exchange differences on operating activities	(4.1)	8.5
Losses on sale of assets	(0.3)	(0.6)
Other income/(expenses)	(2.5)	(2.8)
Total other operating income/(expense), net	**(6.6)**	**5.1**

“Other income/(expenses)” consists mainly of depreciation expenses on idle equipment and machinery and pension expenses.

7.24. EBITDA ADJUSTMENTS

	Full Year	
in € million	**2023**	**2022**
Business restructuring	(10.3)	(10.8)
Acquisition and disposal of businesses	(0.0)	(0.3)
Income and expenses related to changes to Group structure	**(10.3)**	**(11.2)**
Impairment of assets	(4.4)	(91.0)
Litigation and legal claims	(0.2)	(0.2)
Other	0.0	(0.6)
Income and expenses related to impairments and major litigations	**(4.6)**	**(91.8)**
Total EBITDA adjustments	**(14.9)**	**(103.0)**

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, a restructuring project was initiated 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 an amount of €5.4 million in 2022.

The restructuring expenses in 2023 are related to smaller restructuring projects in various countries and is part of the continuous search for organizational optimization.

7.24.2. Income and expenses related to impairments and major litigations

Impairment of assets

In 2023, the impairment losses mainly include the impairment loss on a leased building which is no longer used by the Group.

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.

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**	**2023**	**2022**
Changes in inventory work in progress and finished goods		3.9	2.8
Raw materials and consumables purchased		(1,031.4)	(1,048.1)
Employee benefit expenses	22	(312.4)	(285.6)
Depreciation and amortization	9, 10, 11	(70.7)	(70.4)
Rendered services		(256.8)	(223.9)
Lease expenses	11	(17.4)	(18.5)
Other income / (expenses)	23	(6.6)	5.1
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income / (expense)		**(1,691.5)**	**(1,638.6)**

7.26. NET FINANCE COST

The various items comprising the net finance cost are as follows:

	Full Year	
in € million	**2023**	**2022**
Interest income on current assets	2.8	0.8
Gains on derivatives	4.2	-
Finance income	**7.0**	**0.8**
Interest expense on group borrowings	(31.9)	(30.6)
Amortization of borrowing expenses	(4.8)	(2.7)
Interest expense on other borrowings and other liabilities	(14.9)	(8.4)
Interest expense	***(51.7)***	***(41.7)***
Banking cost	(1.6)	(1.1)
Factor fee	(1.8)	(1.1)
Losses on derivatives and cost of hedging	(2.1)	(3.2)
Other	(0.5)	(2.3)
Finance cost	**(57.6)**	**(49.3)**
Finance income as per income statement	7.0	0.8
Finance expense as per income statement	(57.6)	(49.3)
Net exchange differences relating to financing activities	5.5	(2.4)
Net finance cost as per income statement	**(45.1)**	**(50.9)**

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	**2023**	**2022**
Current tax (expense) / income	(17.2)	(16.3)
Deferred tax (expense) / income	1.0	(12.1)
Total income tax expense	**(16.3)**	**(28.4)**

The income tax expense can be reconciled as follows:

	Full Year	
in € million	**2023**	**2022**
Profit/(loss) before income tax	**43.2**	**(120.3)**
Income tax expense calculated at domestic tax rates	(8.3)	27.1
Disallowed expenses	(2.7)	(2.6)
Tax-exempt income	1.6	1.0
Impairment of goodwill	-	(19.3)
Write-off of previously recognized deferred tax assets on losses	(0.6)	(12.0)
Current year tax losses not recognized as deferred tax asset	(10.9)	(23.4)
Recognition of previously unrecognized deferred tax assets on losses	4.3	1.6
Adjustments in respect of prior year	0.6	(1.5)
Difference in statutory tax rates	(0.6)	-
Other	0.3	0.8
Total income tax expense	**(16.3)**	**(28.4)**

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 15, 2016, a total of 322,294 stock options and 75,227 RSU's were granted, 90,042 options and 75,227 RSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options 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, 79,684 options and 69,023 RSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options 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, 161,258 options and 93,576 RSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options 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. 175,448 options, 124,420 RSU's and 124,420 PSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options 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. 187,119 options, 119,244 RSU's and 119,244 PSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options 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. 160,949 PSU's have been forfeited as of December 31, 2023.

On or about March 10, 2022, the Group granted an LTIP plan consisting of 611,477 PSU's. 255,007 PSU's have been forfeited as of December 31, 2023.

During the period, the Group granted a new LTIP plan consisting of 5,206,379 PSU's. 887,283 PSU's have been forfeited as of December 31, 2023.

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 December 31, 2023	# stock options/ RSU's/PSU's December 31, 2022
LTIP 2016					
Options	2024	28.44	6.64	232,252	234,526
RSU's	2019	N/A	26.48	-	-
LTIP 2017					
Options	2025	33.11	7.62	220,230	223,385
RSU's	2020	N/A	30.45	-	-
LTIP 2018					
Options	2026	23.56	4.68	309,806	315,849
RSU's	2021	N/A	21.35	-	-
LTIP 2019					
Options	2027	14.0	3.99	217,955	227,355
RSU's	2022	N/A	12.05	-	-
PSU's	2022	N/A	12.05	-	-
LTIP 2020					
Options	2028	13.9	3.13	187,503	194,898
RSU's	2023	N/A	11.86	-	52,101
PSU's	2023	N/A	11.86	-	61,748
LTIP 2021					
PSU's	2024	N/A	10.37	271,489	312,305
LTIP 2022					
PSU's	2025	N/A	7.30	356,470	485,804
LTIP 2023					
PSU's - Plan A	2026	N/A	2.49	2,942,949	-
PSU's - Plan B	2026	N/A	2.47	1,276,735	-
PSU's - Plan C	2026	N/A	2.34	99,412	-
Total outstanding stock options*				**1,167,746**	**1,318,087**
Total outstanding RSU's				**-**	**52,101**
Total outstanding PSU's				**4,947,055**	**859,857**

*The total outstanding stock options of 1,318,087 for 2022 includes the amounts for LTIP 2015 at the end of December 31, 2022 (122,074) as these were still outstanding at that moment in time, but are no longer included in the overview as expired at December 31, 2023

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, 2022	**22.33**	**1,656,616**	**131,979**	**553,422**
Granted	-	-	-	611,477
Forfeited	18.73	(338,529)	(16,738)	(305,042)
Exercised	-	-	(63,140)	-
Expired	-	-	-	-
As at December 31, 2022	**23.25**	**1,318,087**	**52,101**	**859,857**
Granted	-	-	-	5,206,379
Forfeited	19.31	(28,267)	(1,810)	(1,057,433)
Exercised	-	-	(50,291)	(20,780)
Expired	26.60	(122,074)	-	(40,968)
As at December 31, 2023	**23.00**	**1,167,746**	**-**	**4,947,055**
of which vested and exercisable		*1,167,746*	-	-

[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 PSU’s in 2023 has been determined based on the Monte Carlo model. The expected volatility used in the model is based on the implied volatility of the Company.

Below is an overview of all the parameters used in this model:

	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023*
Exercise Price (€)	28.44	33.11	23.56	14.00	13.90	-	-	-
Expected volatility of the shares (%)	26.56%	27.12%	25.63%	37.98%	31.90%	43.12%	39.01%	34.14%
Expected dividends yield (%)	1.98%	2.31%	2.70%	3.82%	4.00%	3.00%	4.10%	4.00%
Risk free interest rate (%)	0.37%	0.60%	0.69%	0.10%	-0.18%	0.00%	0.00%	2.61%

*As indicated above, LTIP 2023 consisted of three different plans. As the parameters were very similar, the average of the three plans has been included in this overview

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 €3.9 million during 2023 (2022: €1.1 million) 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.

In October 2021, COFECE, the Mexican antitrust authority, announced its decision following its investigation into certain legacy practices in the personal hygiene industry in Mexico. In this decision, COFECE confirmed that Grupo PI Mabe, S.A. de C.V. (“Mabe”) and certain individuals had committed antitrust violations in periods prior to the acquisition of Mabe by Ontex. Mabe appealed such decision on grounds of unconstitutionality of the fines imposed. Under the purchase agreement for its acquisition of Mabe in 2016, Ontex received a full indemnity for all resulting fines and legal fees from the selling shareholders of Mabe. In May 2023, Ontex completed the divestiture of Mabe to Softys, S.A.. As part of such divestiture, Ontex granted a back-to-back indemnity to Softys. Based on the back-to-back indemnity arrangements that are in place, the Group does not expect these proceedings 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. During 2023, a favorable decision at the court of first instance was received and the Group is currently awaiting whether the decision will be appealed. 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, 2023 of €43.1million (2022: €21.6 million).

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 €25.9 million in order to participate in public tenders as at December 31, 2023 (2022: €19.5 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, 2023 (nor in 2022).

7.31.3. Relations with non-executive members of the Board of Directors

	Full Year	
in € million	**2023**	**2022**
Remuneration	1.2	1.6

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	**2023**	**2022**
Fixed and variable remuneration	1.8	2.0

The above remuneration includes post-employee benefits of €0.2 million, the remainder concerns short-term employee benefits. Next to the above remuneration, the CEO was awarded 1,005,668 performance stock units in 2023, as explained below. This lead to a share based payment cost of €0.5 million in 2023.

Remuneration of the Executive Team (excluding the CEO)	Full Year	
in € million	**2023**	**2022**
Fixed remuneration	3.1	3.0
Variable remuneration	0.7	1.3
Other remuneration	0.5	0.6
Total	**4.2**	**4.9**

The fixed and variable remuneration concerns short-term employee benefits, while the other remuneration mainly relates to post-employment benefit plans. Next to the above items, the executive team was awarded 1,937,281 performance stock units in 2023. The total share based payment cost (including older plans) amounted to €1.2 million in 2023. For a more detailed breakdown, refer to 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, 2023	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	-
LTIP 2023			
CEO	-	1,005,668	-
Executive Team (excluding CEO)	-	1,937,281	-

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	**2023**	**2022**
Audit Fees	1,046.9	1,464.2
Additional Services rendered by the auditor's mandate:		
Audit related fees	302.6	192.5
Tax advisory & compliance services	41.2	45.2
Total	**1,390.7**	**1,701.9**

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	2023	2022
ASSETS	**3,018.7**	**3,031.3**
FIXED ASSETS	**2,583.4**	**2,699.5**
Formation expenses	-	-
Intangible assets	14.2	14.3
Tangible assets	0.4	0.6
Financial fixed assets	2,568.8	2,684.6
Participating interests	1,687.1	1,687.1
Amounts receivable	881.6	997.4
Other financial fixed assets	0.2	0.1
CURRENT ASSETS	**435.3**	**331.8**
Amounts receivable within one year	349.7	183.8
Treasury shares	9.1	7.9
Cash at bank and in hand	53.0	110.0
Deferred charges and accrued income	23.4	30.2

in € million	2023	2022
EQUITY AND LIABILITIES	**3,018.7**	**3,031.3**
EQUITY	**1,661.7**	**1,659.0**
Capital	823.6	823.6
Share premium	412.7	412.7
Reserves	266.9	265.6
Accumulated profits/(losses)	158.5	157.2
PROVISIONS AND DEFERRED TAXES	**8.5**	**6.1**
AMOUNTS PAYABLE	**1,348.5**	**1,366.2**
Amounts payable after more than one year	580.0	800.0
Financial debt	580.0	800.0
Amounts payable within one year	758.9	555.1
Financial debt	293.3	307.1
Trade debts	7.6	14.9
Taxes, remunerations and social security	4.8	3.6
Other amounts payable	453.2	229.5
Accruals and deferred income	9.5	11.1

8.2. STATUTORY INCOME STATEMENT

in € million	2023	2022
Operating income	56.2	24.6
Operating charges	(49.6)	(61.9)
Operating gain / (loss)	**6.6**	**(37.3)**
Financial result	(0.8)	(205.7)
Profit/(loss) for the period before taxes	**5.8**	**(243.0)**
Income taxes	(3.1)	(2.0)
Profit/(loss) for the period	**2.7**	**(245.0)**

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 to the general assembly of shareholders as well as the auditors' report, 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, 2023 (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

1. GENERAL INFORMATION

1.1. BASIS FOR PREPARATION

The main reporting frameworks used to prepare the Integrated Annual 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 2023 to 31 December 2023. 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.

Reporting period & frequency

The reporting period runs from 1 January 2023 to 31 December 2023. The annual publication of sustainability information happens at the same time as our financial reporting.

The publication date of this report is 2nd of April 2024.

Scope

Unless stated otherwise, the environmental and social reporting scope are consistent with the financial reporting scope, 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 double materiality analysis. Some additional disclosures, for example regarding water data or forestry information, have been included at the request of specific groups of stakeholders, despite not being topics that are material for Ontex.

As our impacts reach across the borders of our company, the sustainability statements include both upstream and downstream reporting as referred to in the materiality assessment and related disclosures described in this document. When metrics include upstream or downstream data, explanatory notes are provided to explain potential assumptions or estimates used in the relevant sections.

A large part of our sustainability efforts is linked to the choice of raw materials and innovation. Information corresponding to intellectual property, know-how or the results of innovation may be omitted from the report, due to the sensitive nature of the information.

Uncertainty

Any forward-looking information stated in the sustainability statements should be treated with care and considered as uncertain information.

Contact

For questions about the reported sustainability information, please reach out to Elise Barbé at Elise.barbe@ontexglobal.com or corporate.communications@ontexglobal.com

2. ESG GOVERNANCE AT ONTEX

2.1. ESG OVERSIGHT

Sustainability has long been integrated throughout Ontex's functions and at all levels of operations.

Our Sustainability Strategy 2030 outlines our ambitions and commitments, creating a common agenda that is unified across all Ontex units, as we collectively progress together towards 2030. It provides a 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 contextually relevant implementation. Our Sustainability Strategy 2030 is deployed throughout the Group and implemented in the different departments.

The Board of Directors

- The Board oversees and approves the Ontex sustainable development commitments & monitors progress through the Audit & Risk Committee.

The Executive Committee (EC)

- Determines strategy and approves targets
- It monitors the implementation of the sustainability strategy 2030
- The sustainability responsible, Annick De Poorter (Executive Vice-President R&D, Quality & Sustainability), ensures the integration of sustainability into the management agenda.

The Group sustainability team

- Defines and deploys the Ontex sustainability strategy 2030
- Monitors progress and presents the result to the EC & Board
- The team works closely together with other departments to embed sustainability in the organization
- Report on a monthly base to the EC.

Steering committees

- Climate steering committee: Oversees the performance against our climate targets, scope 1-2-3 and steers the development, challenges and approves the climate roadmaps.
- Innovation council: Follows up on our circular ambitions, roadmaps, projects.

Sustainability roles within other parts of the business

- Implement and/or contribute to one or more objectives of the sustainability strategy 2030

2.2. INTEGRATION OF ESG IN THE INCENTIVE SCHEMES

At Ontex, we recognize the profound impact that Environmental, Social, and Governance (ESG) factors have on our business, stakeholders, and the global community as a whole. As part of our ongoing commitment to sustainability and responsible business practices, we have integrated ESG considerations into our Short-Term incentive plan. We consciously chose to add it to the Short-Term incentive plan compared to the Long-Term incentive plan to further emphasize the urgency of integrating sustainability in our business practices.

To measure our ESG performance, we have identified two key indicators: Emissions (Scope 1-2-3) and the Accident Frequency Rate.

More information on the incentive schemes can be found in the Remuneration Report .

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.

Table 1: Summary of the different components of Ontex sustainability governance

	Climate action	Circular solutions	Building trust	Sustainable supply chain
Policies, commitments, guidelines or statements			Code of ethics: > Human rights policy: > Speak Up policy/line: > Diversity policy: > Quality policy: >	Supplier code of conduct: > Ethical sourcing policy: > Modern slavery statement: > Sustainable sourcing policy for renewable raw materials: > Animal testing statement: > Ontex Global Supplier and Vendor Handbook > Ontex Regulatory Compliance Requirements >
	Sustainability policy: >			
Management systems & certifications	ISO50001: >	ISO14001: >	SMETA ISO45001	SMETA
External charters or initiatives	Greenhouse Gas Protocol	LCA based on ISO14040 Environmental Product Declarations	EDANA Stewardship Program	FSC[1]: > PEFC: > GOTS: >> REDcert[2]: >
			The UN Universal Declaration of Human Rights International Labour Organization (ILO) Conventions, and Declaration on Fundamental Principles and Rights at Work UN Guiding Principles on Business and Human Rights OECD Due Diligence Guidance for Responsible Business Conduct OECD Guidelines for Multinational Enterprises	
	Sustainable Development Goals (SDGs)			

[1] PEFC (PEFC/07-32-261)/FSC® (FSC-C081844)

Management systems

Definitions

Environmental and social responsibility at 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.

Our approach

The guiding principles of the Ontex sustainability management system are outlined in the 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 underpinning the Ontex sustainability management system are issued by the International Organization for Standardization (ISO), namely:

ISO 14001 – Environmental Management System

ISO 50001 – Energy Management System

ISO 45001 – Occupational Health and Safety Management System

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.

The sustainability management system is aligned with quality and information security systems. 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 management system is an annual management review at all Ontex sites and across the Group. It serves as a point of reflection on performance results of the past year (including an analysis of complaints received) and serves to highlight risks, opportunities and resources needed for further improvement

ESG-related policies and guidelines

Our ESG-related policies are the cornerstone of our governance framework, reflecting our dedication to sustainable and responsible business practices. These policies guide our daily operations and underscore our firm commitment to environmental stewardship, social responsibility, and ethical governance. Through the comprehensive implementation of these policies, we aim to create long-term value for our stakeholders while contributing positively to the communities and environments in which we operate. The overview below provides insight into the various ESG-related policies and guidelines.

Policy	Content
Sustainability policy	This policy sets the overall framework for integrating sustainability into all Ontex's activities. It outlines three main commitments: compliance with mandatory and voluntary compliance obligations, adherence to an integrated approach in sustainability, incorporation of stakeholder interests and potential risks, as well as our focus on continuous improvement and transparency. *Scope*: All employees
Ontex Code of Ethics	Ontex's Code of Ethics (COE) is the foundation of who we are and how we do business. It covers the topics of Caring for People, Integrity in the Marketplace, Ethics in our Business Activities and Safeguarding Company Assets. Trainings, constant messaging from management, clear delegation of authority policies and support systems via clear mechanisms for reporting potential violations provide a strong compliance system guarded by a Compliance function with a presence in every market via local compliance coordinators. Our COE is available at the Company's intranet site, delivered via handouts or posters around our sites and at our external website for employees, customers, suppliers and investors alike. *Scope*: All employees & non-employees
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. Scope: The policy emphasizes our commitments to our stakeholders, namely our employees and business partners, the communities and environments in which we operate, and children.
Supplier Code of Conduct	The Supplier Code of Conduct sets out the expectations Ontex has of its suppliers regarding business ethics, human rights, safety & health, environment, and speak-up channels. *Scope*: All suppliers and vendors providing materials, including raw materials, packaging, and outsourced goods, that may reach our consumers. This includes raw material and packaging suppliers.
Ontex Global Supplier and Vendor Handbook	This guideline outlines general requirements for product safety, supplier quality, and sustainability, with the primary objective of securing a consistent supply of high-quality products and promoting sustainable practices. *Scope*: All suppliers and vendors offering us materials which can end up in the hands of our consumers are in scope of this handbook (raw materials and packaging, traded and outsourced goods suppliers, etc.).
Sustainability sourcing policy for renewable raw materials	With this policy we aim to set out a general framework for these requirements. It is complemented by the existing Supplier Code of Conduct and ethical sourcing requirements. *Scope*: This policy applies to all Ontex suppliers of wood, cotton, and other materials of renewable origin considered as 'direct materials'.

Policy	Content
Ethical sourcing requirements	This document aims to further elaborate on the social audit requirements for our suppliers which are mentioned in our Supplier Code of Conduct and is focused on the scope of the social audits, accepted audit schemes and results. *Scope*: The ethical sourcing requirements stipulated in this document apply to all Ontex raw material and packaging suppliers .
Ontex supplier regulatory compliance requirements	This document lists all applicable regulations and safety standards for our products. *Scope:* All suppliers and vendors providing materials, including raw materials, packaging, and outsourced goods, that may reach our consumers. Raw material and packaging suppliers.
Ontex supplier quality requirements	The purpose of this manual is to inform Ontex suppliers of our core expectations regarding the supplier quality management system (QMS), design requirements, and manufacturing process controls required for the purpose of doing business with Ontex. *Scope:* All suppliers providing Ontex with raw materials, packaging, finished goods and trading goods purchased by and delivered to Ontex by the supplier or by any of its affiliates or subcontractors.
Modern Slavery Statement	The purpose of the Modern Slavery Statement in Australia and the Modern Slavery Statement in the UK is to publicly express Ontex's commitment to ensuring that there is no modern slavery and human trafficking within its own operations and supply chain. This commitment is in accordance with the Australian Modern Slavery Act 2018 and the UK Modern Slavery Act 2015. *Scope:* All suppliers providing Ontex with raw materials, packaging, finished goods and trading goods purchased by and delivered to Ontex by the supplier or by any of its affiliates or subcontractors.

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 2023 12 animal tests were performed due to composition changes in tampons. As tampons are categorized as medical devices in the US, the Food and Drug Administration requires animal testing to evaluate biocompatibility of medical devices prior to placing the product on the market.

Overview of animal tests commissioned by Ontex

	2021	2022	2023
Animal tests commissioned by Ontex	0	6	12

Anti-bribery and anti-corruption commitments and policy on gifts and hospitality

The Ontex Code of Ethics includes specific sections on anti-bribery and anti-corruption. Mandatory training throughout the Ontex community include face-to-face trainings in high-risk countries. Further, contact 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 our 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 via mandatory training on 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 in trade associations is very limited. In those instances when we do participate, specific rules of engagement apply which include the involvement of the Legal and/or Compliance group.

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. members of the general public

Approach

Individuals are invited to report potential breaches of 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 such as outside counsel and other specialists).

Goals and performance

A total of 125 grievances via the speak-up line were received during 2023 (versus 98 received in 2022); 70 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, 30 of these were substantiated or partially substantiated and 40 unsubstantiated.

The most common Code-violations were related to the professional conduct expected in the workplace and we continue reinforcing the message of ensuring our Code of Ethics is observed.

43 ESG-related grievances linked to environmental & social topics were raised in 2023. For each of these grievances an action plan is developed.

Communication and training on the 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 in 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 other materials.

Finally, communications in the form of 'Compliance Capsules' and messaging on compliance are frequently circulated.

ESG RATINGS

We aim to achieving strong ratings in sustainability indices. In this section of our annual report, we give an overview of Ontex's Environmental, Social, and Governance (ESG) ratings. At Ontex, we believe that transparency is not just a principle, but a practice that drives us towards excellence and accountability. 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 2023 Climate Change questionnaire, reaffirming our dedication in corporate transparency and performance on climate change for our 2023 contributions. We were among 23,000 companies evaluated by global environmental non-profit Carbon Disclosure Project (CDP), and have been ranked in the top 6% of evaluated companies.

We're delighted to be recognized by CDP as a 2023 Supplier Engagement Leader, for raising the level of climate action across our value chain

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.

BRONZE 2023 ecovadis CSR Rating

We have been awarded a bronze medal in recognition of our sustainability achievement.

MSCI

In 2023, 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 47/100 on Vigeo Eiris – Moody's ESG index. This is slightly better than last year.

SUSTAINALYTICS a Morningstar company

Ontex is rated "Medium ESG Risk" by Sustainalytics, same as last year. We have a 'medium' exposure and 'high' management score.

3. SUSTAINABILITY STRATEGY

At Ontex, we are committed to driving sustainable business practices that benefit our stakeholders and contribute to a healthier planet. This section outlines our sustainability strategy, focusing on key aspects that shape our operations, product offerings, and relationships with stakeholders, and in line with the UN Sustainable Development Goals.

Ontex is steadfast in its commitment to sustainability, with goals in 4 key areas. Each of these areas is elaborated upon in detail further in this document.

CLIMATE ACTION:

- -80% Scope 1-2 carbon emissions by 2030 (vs 2020)
- 100% renewable electricity by 2030
- -25% Scope 3 emissions by 2030 (vs 2020)

In 2022, these goals were approved by the Science Based Targets Initiative (SBTi). On top of this, as part of our journey towards net-zero, we aim to offset any remaining scope 1-2 emissions as of 2030.

CIRCULAR SOLUTIONS

- 100% sustainable packaging by 2025[2]
- 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

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

In 2023, we conducted a comprehensive double materiality assessment. As a result, we are in the process of updating our Sustainability Strategy and goals to align with the findings of the assessment. The updated strategy will be published in 2024. It is important to note that these developments are not incorporated into the current annual report, as the update was initiated after the reporting period.

[2] With sustainable packaging we mean that the packaging should be recycled, recyclable or containing renewable material

4. STAKEHOLDER ENGAGEMENT

4.1. HOW WE ENGAGE WITH OUR KEY STAKEHOLDERS

We are a publicly listed company. Many parties have an interest in the way in which we conduct our business and that is 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 and offices, and the communities for which we provide essential personal hygiene solutions. The relationships that we establish and nurture with stakeholders have a direct impact on our success. All of our sites are required to identify their respective stakeholders and establish the best ways of engaging with them. In each and every part of our business, our stakeholders are essential to listen and engage with to ensure a sustainable business.

Table 2: Stakeholder engagement

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 and 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 and website	Health and safety Working conditions and 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

Stakeholder group	How we engage	Key topics of concern	Our response
Investors	Ongoing dialogue with investors/analysts Investor presentations/meetings Annual General Meeting Quarterly earnings reports and webcasts Press releases ESG indices and information requests	Governance Business ethics Risk management Environment/carbon footprint	Clear and transparent governance framework and sustainability strategy Business ethics Responding to ESG indices to enhance transparency Publishing a yearly integrated report including ESG data
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 Supplier audits Supplier Code of Conduct Requirements and documentation on material safety and 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

4.2. MEMBERSHIPS & ASSOCIATIONS

Industry associations: EDANA, Group'Hygiène, BAHP, Aphma UK, INDA

Sustainable supply chain: FSC, PEFC, GOTS, OCS, SMETA, REDcert[2]

Sustainability networks: The Shift

Climate action: Belgian Alliance for Climate Action (BACA)

5. DOUBLE MATERIALITY ASSESSMENT

A double materiality assessment is the process for prioritizing sustainability topics. It forms the base for our sustainability strategy & reporting. In 2023, following the entering into force of the Corporate Sustainability Reporting Directive, we updated our materiality matrix to provide more detailed information based on the double materiality framework. Our previous materiality assessment dates from 2021.

New in this approach is that we identified and assessed the most significant sustainability issues for Ontex from a two-fold perspective:

- Impacts on the company value ("financial materiality") which are geared towards the sustainability issues that affect our financial profitability and our capacity to create value for shareholders and investors.
- Impacts on society and the environment ("impact materiality") stemming from activity by Ontex.

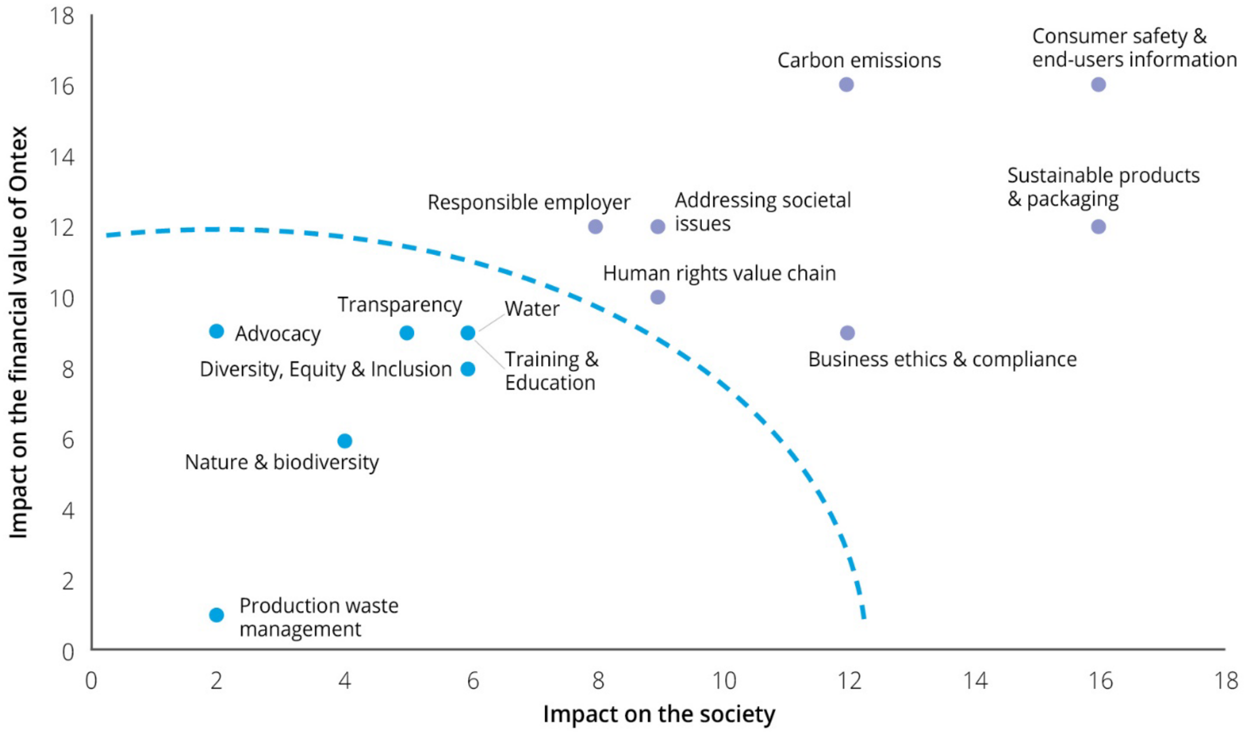
We have followed a five-step process to conduct the double materiality assessment. Dive deeper into each step by exploring the Methodological notes for comprehensive insights.

STEP 1 IDENTIFICATION OF MATERIAL TOPICS	STEP 2: SCORING TOGETHER WITH OUR STAKEHODLERS	STEP 3: VALUE CHAIN MAPPING	STEP 4: LEADERSHIP ENGAGEMENT	STEP 5: OVERSIGHT & VALIDATION
• Through documentary research we built a list of potential material topics.	• Through an online questionnaire and in-depth interviews our internal & external stakeholders shared their perception of the potential material issues, and scored each topic.	• Potential material topics are mapped across the value chain to understand where the impact occurs.	• The scoring done by stakeholders is discussed and finetuned by our company leaders & Board of Directors to align with and embed in the business strategy.	• The materiality matrix has been validated by our Board of Directors, after a positive recommendation of our Audit & Risk Committee in December 2023.

MATERIALITY MATRIX

The topics identified were placed on a matrix (see below), with their position being determined by their relative financial impact on Ontex and Ontex's impact on the environment and society.

MATERIALITY MATRIX



Classification of material issues

The topics above the line are considered material to Ontex. This means that we will prioritize these as material topics and embed them in our business strategy.

Topics below the line have a limited impact. These include matters related to regulatory requirements and emerging issues which must be addressed from a compliance, supervision and ongoing management perspective.

For topics just below the threshold, we will continue to track these for our own sites but will not reach further in the value chain. Hence for 'water', 'training & education', 'transparency' and 'diversity, equity and inclusion' we carry out voluntary reporting which is detailed in this report.

MATERIALITY MATRIX IN DETAIL

The below table shows per material issue the impact on society and the environment, the impact on our company value, the related Sustainable Development Goal (SDG) and the main relevant KPIs. In addition, for each material issue we identified where in the value chain the issue occurs. More information is available in the Methodology chapter.

Table 3: Detailed scoring materiality topics and related SDGs & KPIs

Key material issues - embed in our business strategy	Impact on society and the environment	Impact on company value	SDGs	Chapter in the statements	Main KPIs
Consumer safety and end-user information	●	●	3, 12	11	Consumer complaints
Carbon emissions	●	●	13	6	Scope 1-2-3 emissions (in tCO_2) % renewable electricity
Sustainable products and packaging	●	●	12	7	% bags with recycled content
Responsible employer	●	●	3, 5, 16	9	% female managers Accident frequency rate
Human rights value chain	●	●	8	10	% supplier code of conducts signed % suppliers located in risk countries % suppliers with a third-party social audit report
Business ethics and compliance	●	●	16	2.3	100% of employees trained in Code of Ethics 100% of Speak-Up cases properly closed with proper sanctions
Addressing societal issues and local development	●	●	3	9	Amount of products sold Amount of donations

Below the material threshold - monitoring and compliance	Impact on society and the environment	Impact on company value	SDGs	Chapter in the statements	Main KPIs
Water	●	●	6, 14	8	m³ water used in our operations
Transparency	●	●	16	2.4	CDP score
Training and education	●	●	4	9	Training hours per employee
Diversity, equity and inclusion	●	●	5, 10	9	% female managers
Nature and biodiversity	●	●	15	8	% controlled or certified wood-based material % organic cotton
Advocacy	●	●	17	4.2	Membership industry associations
Production waste management	●	●	12, 15	7	% waste sent to landfill

Main differences versus our previous materiality assessment

In the latest double materiality assessment, we have observed several changes compared to the assessment carried out in 2021.

First, the topic of nature and biodiversity has been reassessed and is now considered below the threshold of materiality, meaning it will no longer be treated as a material topic for Ontex. This decision is based on a comprehensive evaluation of our impact on nature and biodiversity, primarily occurring within our value chain. In-depth interviews with our suppliers have revealed that the perceived impact on nature and biodiversity is lower than previously assessed, leading to its reclassification.

Similarly, water usage has also been re-evaluated and has dropped below the materiality threshold. In our direct operations, water does not play a critical role in the product process, being utilized mainly in the HVAC system and for sanitary purposes. The significant impacts related to water are identified at the raw material production stage. Following thorough discussions with our suppliers, this topic was scored with a lower impact than in the previous assessment.

Moreover, to streamline our focus and avoid overlaps, some topics have been consolidated in this year's materiality assessment. Notably, energy usage, transport and logistics, along with climate change and eco-efficiency, have been grouped under a single, encompassing category: 'carbon emissions'. This reorganization aims to provide a clearer and more focused view on our efforts to reduce carbon emissions, reflecting our strategic approach to tackling climate-related issues in a holistic manner.

6. CLIMATE CHANGE

6.1. GOVERNANCE

In addition to the ESG governance at Ontex explained earlier in this report (see above) climate governance is organized around different governing bodies designed to align our operations with the ambitious objectives outlined in our Sustainability Strategy 2030. The dedicated governance for climate topics will enable Ontex to contribute to a more sustainable future and position Ontex for long-term success in a rapidly evolving business landscape.

Our dedicated workgroups are instrumental in driving the implementation of sustainability initiatives. These workgroups are strategically organized to contribute to one or more objectives by focusing on specific area to ensure a comprehensive and targeted approach to achieving our goals. The workgroups are divided into four different streams:

Energy, focusing on Ontex operations (scope 1-2);

Logistics and transportation;

Supplier engagement;

Sustainable product design.

The Climate Steering Committee, which includes members of the Executive Committee and the coordinators of the workgroups, plays a crucial role in guiding the development of climate strategies, tackling challenges, and endorsing detailed climate roadmaps. This proactive strategy ensures that our climate initiatives are ambitious, achievable, and impactful.

The Executive Committee takes a leadership role in determining the overall climate strategy and approving targets and reinforces the integration of climate aspects into our core business strategies.

The Audit & Risk Committee plays a pivotal role in overseeing and guiding the company's approach to climate-related risks and opportunities. Its mandate includes ensuring that Ontex identifies, assesses, and manages environmental challenges and prospects to support sustainable growth.

The Board of Directors, in alignment with its oversight responsibilities, actively approves and monitors our sustainable development commitments.

Our commitment to reduce carbon emissions extends to remuneration practices, where climate considerations are factored in, emphasizing the integration of sustainability into our core strategy. Specifically, reductions in scope 1, 2, and 3 emissions are integrated into the Short-Term Incentive Plan, representing 10% of the plan's criteria.

6.2. POLICIES

Ontex is addressing climate concerns through integration across its policies. This commitment ensures that climate considerations are embedded into our organizational practices and policies, reflecting our dedication to sustainability (with reference to Our Sustainability policy). In its sustainability policy, Ontex specifically address the use of renewable energy and the focus on energy efficiency through an integrated management system approach which aims at addressing, amongst others, climate-related risks through mitigation and adaptation.

6.3. IDENTIFYING THE RISKS RELATED TO CLIMATE CHANGE

Ontex is firmly committed to reducing greenhouse gas (GHG) emissions and actively contributes to the global fight against climate change. Recognizing the potential impact of climate-related risks on our business, we categorize these risks into several key areas:

Physical Risks: The fluctuation in climate patterns poses a significant threat to our operations. Acute events such as heatwaves and flooding, as well as chronic changes in climate patterns, have the potential to disrupt our supply chain. Ontex is dedicated to assessing and mitigating these physical risks to ensure the resilience of our operations.

Transitional Risks: Our business is susceptible to changes in legislation related to climate issues. As regulatory landscapes evolve, Ontex remains vigilant in adapting to new requirements to minimize any adverse effects on our operations. We recognize the importance of staying ahead of regulatory changes to ensure compliance and sustainability.

Reputation Risks: Ontex acknowledges the importance of maintaining a positive reputation in the context of climate action. Non-compliance with environmental standards, ineffective communication, or a misalignment with public perceptions can pose reputational risks. We are committed to transparent communication, compliance with regulations, and proactive measures to address climate change issues.

Market Risks: The increasing awareness among our customers about climate change and the evolving behaviors of consumers related to environmental concerns can impact demand for our products. We strive to anticipate and respond to changing market dynamics, aligning our offerings with the evolving expectations of environmentally conscious consumers.

By actively managing and addressing these risks, Ontex aims to reduce its carbon footprint and foster resilience, compliance, and sustainability across its operations in the face of climate-related challenges. A more detailed explanation of these risks, together with their associated financial impact and response mechanisms is presented in our CDP Climate disclosure.

Deep dive I: Physical and transitional climate risks

In the face of climate change impacts, businesses are becoming more susceptible to various physical and transition risks. To address these challenges and identify potential avenues for growth and innovation, companies are increasingly conducting climate risk assessments. This essential tool enables businesses to identify and comprehend the risks associated with climate change. Through a thorough assessment, companies can enhance their preparedness, proactively mitigate the effects of climate change, and capitalize on opportunities for growth and innovation.

Ontex conducted a deep analysis of physical risks such as operational disruptions due to extreme weather and transition risks including carbon taxes and upcoming EU regulations. Opportunities like public funding and tax incentives were also explored. The risks analysis focused on two scenarios: RCP 2.6 (stringent) for transition risks and RCP 8.5 (business-as-usual) for physical risks. The analysis highlighted that the vulnerability of Ontex is mostly related to physical risks located in the supply chain due to the increasing likelihood and/or magnitude of various physical climate risks that would influence the market price. Climate events might also in the future impact on production efficiency.

Ontex also analyzed the potential effect of the implementation of a carbon tax that could be imposed to incentivize operational decarbonization. As a consequence, companies would need to accelerate decarbonization, e.g., through new machinery and technology, which incurs additional costs. These additional costs are identified as a relevant transition risk for Ontex. The analysis aimed to quantify the impact of carbon pricing and the potential financial impact for Ontex over the next 30 years for different CO_2 emissions and carbon prices based on different climate scenarios.

The analysis showed that an early investment to decarbonize might be more onerous in the initial years due to costs associated with reduction of carbon intensity. Nevertheless, in the long run, it would create additional value for Ontex, in comparison to a disorderly transition scenario as it would be costlier to delay the reduction in carbon intensity.

6.4. STRATEGY AND ACTION PLANS

Ontex commits to reduce absolute scope 1 and 2 GHG emissions by 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. These targets are aligned with the overarching goal of limiting global warming to 1.5°C in line with the Paris Agreement and independently validated by the Science Based Target initiative (SBTi).

NET ZERO OPERATIONS	100% RENEWABLE ELECTRICITY	-25% SCOPE 3 EMISSIONS
• Our goal is to reduce emissions across our operations (scope 1–2) by 80% by 2030 compared to 2020. From 2030, we offset any remaining emissions.	• All electricity we use comes from renewable sources.	We aim to reduce our scope 3 emissions through product design, supplier engagement and optimized logistics.

Figure 1: Ontex climate goals

In alignment with our climate objectives and the source of our GHG emissions, Ontex has formulated a comprehensive transition plan aimed at achieving our climate goals by 2030. The Ontex transition encompasses the entire supply chain, with a specific focus on raw material sourcing, transportation logistics, the manufacturing process, and the end-of-life phase of our products for consumers. This transition plan strategically addresses the four key blocks within the supply chain that collectively contribute to over 75% of Ontex's carbon footprint.

Raw materials: Our largest emissions source stems from the sourcing of raw materials. To achieve our climate goals, it is imperative that we shift towards more sustainable and environmentally-friendly solutions. Our commitment involves a concerted effort to innovate and reduce the climate impact originating from our products.

Transportation: With regard to optimizing the transportation of our products to customers, we are actively engaged in load optimization initiatives and exploring solutions to minimize the distance between suppliers, production facilities, and our business partners.

Operations: A pivotal aspect of our transition plan involves transitioning all our plants to 100% renewable energy by 2030. This shift is instrumental in mitigating our scope 2 emissions. To achieve this objective, we are proactively installing additional solar power systems at our European and North American facilities. This strategic move aims to diminish dependence on non-renewable energy sources and ensure a renewable energy supply for all our manufacturing sites. Our focus lies on advancing the procurement of renewable energy to decarbonize our scope 2 emission. Upon achieving our goal, the remaining emissions from scope 1 will emerge as the only emissions left.

- Product end-of-life: In our commitment to environmental sustainability, Ontex is actively incorporating innovative approaches to address not only the emissions associated with production but also those linked to the end of life of our products. Through a dedicated eco-design approach, we take account of the entire life cycle of our products during the design phase. This holistic perspective enables us to reduce environmental impact from production to disposal, emphasizing the importance of responsible and sustainable design practices.

Moreover, Ontex aspires to establish selective and strategic partnerships, positioning itself as a key participant in pilot recycling and composting initiatives. Our circular ambitions extend beyond our immediate operations, aiming to be an integral part of a broader movement toward a circular economy. We aspire to become the preferred partner for brands envisioning a future where personal hygiene products avoid landfills altogether. Instead, our goal is to encourage reuse wherever possible, promote, and facilitate waste treatment initiatives, ultimately contributing to the elimination of plastic waste and fostering a sustainable and circular approach to product end-of-life scenarios.

RAW MATERIALS

- Reduce emissions from our main product categories
- Collaborate with suppliers to reduce the carbon intensity from raw materials
- Co-development & joined business development throughout the value chain
- Encourage an ecological mindset in product and packaging design
- Integrate reusable products in product portfolio

TRANSPORT

- Continue load optimization
- Reduce the distance between value chain suppliers to producing plants and final customers
- Limit transport and opt for energy efficient trucks
- Accelerate multimodal transport
- Investigate the use of alternative fuel trucks

OPERATIONS

- Reduce our scope 1-2 emissions with 80% by 2030
- 100% renewable energy by 2030
- Pilot alternative renewable thermal solutions
- Compensate the remaining emission

PRODUCT END-OF-LIFE

- 100% sustainable packaging
- Explore and accelerate circular end of life solutions
- Build and develop sustainable partnerships

Figure 2: Ontex Climate transition plan

6.5. OUTCOMES

Energy efficiency and renewable energy

Ontex's ongoing efforts to enhance energy efficiency are demonstrated through different initiatives such as the installation of advanced equipment aimed at optimizing energy usage. Additionally, the implementation of an energy recovery system has not only reduced gas usage but also maximized efficiency by utilizing the recovered energy to heat water. These strategic initiatives underscore Ontex's commitment to operational excellence and environmentally conscious practices, aligning seamlessly with our dedication to sustainable resource management.

Table 4: Energy consumption and mix

Energy consumption and mix[3]	2021	2022	2023
(1) Fuel consumption from coal and coal products (MWh)	0	0	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	14,198	20,145	22,533
(3) Fuel consumption from natural gas (MWh)	23,969	29,537	28,454
(4) Fuel consumption from other fossil sources (MWh)	906	2,911	535
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	71,056	21,145	18,982
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	110,129	73,738	70,400
Share of fossil sources in total energy consumption (%)	31	21	20
(7) Consumption from nuclear sources (MWh)	0	0	0
Share of consumption from nuclear sources in total energy consumption (%)	0	0	0
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	124	128	124
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	242,238	270,214	273,512
10) Consumption of self-generated non-fuel renewable energy (MWh)	2,267	11,260	16,950
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	244,505	279,068	290,462
Share of renewable sources in total energy consumption (%)	69	79	80
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	**354,634**	**352,806**	**360,988**

Table 5: Energy intensity per net revenue

Energy intensity per net revenue	2022	2023	% 2023 / 2022
Total energy consumption (MWh/Monetary unit)	236	179	-24%

Over the past year, Ontex has consistently achieved a reduction in energy intensity, and the company is committed to maintaining and extending this positive trend. To further enhance its sustainability initiatives, Ontex is exploring the electrification of specific equipment currently reliant on fossil fuels. With a clear objective of reducing energy usage per unit produced, Ontex remains dedicated to optimizing its operations through a combination of efficiency and sustainability strategies.

[3] Data from 2021 and 2022 have been restated in light of the recent divestment of Ontex Mexican business activities located in Puebla and are aligning with the scope of GHG emissions report (excluding the plant located in Noginsk, RU due to the geopolitical situation)

In 2023, Ontex slightly reduced the share of electricity coming from renewable sources due to the divestment of one of its Mexican plants. In 2023, 90% of the electricity we consumed was coming from renewable sources, of which 6% comes from on-site production.

Scopes 1, 2, 3 and total GHG emissions

In 2023, Ontex reduced its scope 1-2 emissions by 54% compared to base year 2020. The reduction is a direct result of Ontex's commitment to a consistent strategy aimed at sourcing 100% renewable electricity. And with electricity being the most significant source of energy in our plants, transitioning towards renewable electricity plays a pivotal role in achieving our targets.

Additionally, Ontex successfully decreased its Scope 3 emissions by 4% compared to the base year 2020. Our scope 3 emissions are mainly impacted by the carbon emissions coming from our raw materials. To address this issue, sustainable innovation is key to value creation at Ontex. We strive to offer products with reduced carbon footprints, aiming for a future where our customers seamlessly integrate sustainable features into their product portfolios. To facilitate this transition, in 2023 we have further developed our product scorecard, empowering both internal and external stakeholders to make informed choices regarding the environmental impact of their products.

Moreover, we are intensifying our collaboration with suppliers on multiple fronts. Firstly, we are working closely with them to introduce raw materials that offer superior performance with lower carbon intensity. This strategic initiative is geared towards ultimately reducing the carbon footprint of our products. Secondly, we are enhancing transparency regarding the primary raw materials we procure. By providing clear visibility into our material sourcing, we enable a more precise evaluation of our environmental impact, fostering accountability and driving collective efforts towards a more sustainable future.

In light of the recent divestment of its Mexican business activities located in Puebla, Ontex has undertaken a recalibration of its baselines for scope 1-2-3 to ensure uniform reporting standards, maintaining consistency across scopes. This strategic divestment not only impacted the scope of our operations but also yielded a positive outcome on emissions, contributing to a notable reduction. Additionally Ontex excluded from the scope the plant located in Russia due to the geopolitical context.

In 2023 we were rewarded with a CDP- score. Additionally, we’re delighted to have earned a place on CDP’s 2023 Supplier Engagement Leaderboard, in recognition of our efforts to measure and reduce climate risk within our supply chain.

Table 6: Scopes 1, 2, 3 and total GHG emissions

	Progress reporting					Targets	
	2020	2022	2023	% 2022 / 2023	% base year (2020) / 2023	Annual % target / Base year (2020)	2030 target
Scope 1-2 GHG emissions (tCO_2eq)							
Total scope 1-2 emissions location-based (tCO2eq)	107,516	106,965	107,832	Not applicable			
Total scope 1-2 emissions market-based (tCO2eq)	45,391	24,110	21,042	-13%	-54%	3,60%	-80%
Scope 1 GHG emissions (tCO_2eq)				-13%	-54%	3,60%	-80%
Gross scope 1 GHG emissions (tCO2eq)	9,307	12,707	12,167				
Percentage of scope 1 GHG emissions from regulated emissions trading schemes (%)	0	0	0				
Scope 2 GHG emissions (tCO_2eq)							
Gross location-based scope 2 GHG emissions (tCO_2eq)	98,209	94,258	95,665				
Gross market-based scope 2 GHG emissions (tCO_2eq)	36,084	11,403	8,875				
Scope 3 GHG emissions (tCO2eq)							
1 Purchased goods and services (tCO_2eq)	1,264,613	1,374,887	1,244,154	-5%	-4%	-3%	-25%
2 Capital goods (tCO_2eq)	89,350	52,994	81,367				
3 Fuel and energy-related activities (not included in scope 1 or scope 2 (tCO_2eq)	8,045	8,402	8,420				
4 Upstream transportation and distribution (tCO_2eq)	217,597	243,704	233,582				
5 Waste generated in operations (tCO_2eq)	18,410	16,985	16,251				
6 Business traveling (tCO_2eq)	432	407	833				
7 Employee commuting (tCO_2eq)	Not applicable						
8 Upstream leased assets (tCO_2eq)	Not applicable						
9 Downstream transportation (tCO_2eq)	57,398	55,398	52,582				
10 Processing of sold products (tCO_2eq)	Not applicable						
11 Use of sold products (tCO_2eq)	Not applicable						
12 End-of-life treatment of sold products (tCO_2eq)	939,490	898,631	863,833				
13 Downstream leased assets (tCO_2eq)	Not applicable						
14 Franchises (tCO_2eq)	Not applicable						
15 Investments (tCO_2eq)	Not applicable						
Total GHG emissions in scope 3 (tCO_2eq)	2,595,335	2,651,408	2,501,023				
Total GHG emissions (tCO2eq)							
Total GHG emissions (location-based) (tCO_2eq)	2,702,851	2,758,373	2,608,855	Not applicable			
Total GHG emissions (market-based) (tCO_2eq)	2,640,726	2,675,518	2,522,065	Not applicable			

Table 7: GHG intensity per net revenue

GHG intensity per net revenue	2020	2023	% 2023 / 2020
Total GHG emissions (location-based) per net revenue (tCO2eq/Monetary unit)	1,425	1,115	-22%
Total GHG emissions (market-based) per net revenue (tCO2eq/Monetary unit)	1,392	1,077	-23%

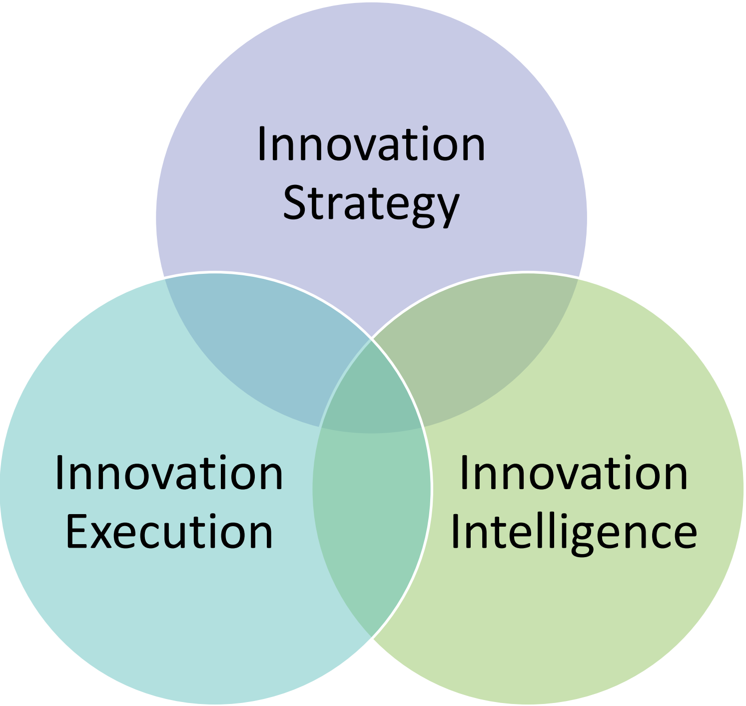
Removals and GHG mitigation projects financed through carbon credits

Greenhouse gas removals and storage in own operations or in the upstream and downstream value chain are not applicable to Ontex.

At Ontex we are conscious of our emissions, and we are working towards reducing further the carbon footprint of our manufacturing sites and aiming to achieve carbon neutrality for our production sites by 2030. Ontex finances through carbon credits, greenhouse gas mitigation projects following a three-steps approach: calculate, reduce energy consumption and offset our remaining carbon emissions. In 2023, we have purchased credits to finance the transition from thermal power plants to wind power in the Indian state Karnataka more information via this link, representing 10% of our absolute scope 1-2 emissions.

7. RESOURCE USE AND CIRCULAR ECONOMY

7.1. GOVERNANCE



Transitioning from a linear to a circular model necessitates a holistic approach. Consequently, Ontex has established a dedicated forum, in the form of an innovation council, to address resource use and circular economy topics. The governance structure is centered around three key elements: fostering collaboration throughout the system to share and inspire innovative ideas (innovation intelligence), facilitating the execution of innovations to transition from conception to commercialization (Innovation execution), and maintaining a dynamic strategy that remains relevant (Innovation strategy).

In our sustainable journey, innovation holds significant importance. The governance structure plays a pivotal role in reducing scope 3 emissions, with raw materials being identified as the primary contributor.

7.2. CHALLENGES

By 2030, the global population is expected to reach nearly 8.5 billion, with nearly half a billion moving into the middle class. This means that more and more people will have a chance at a better life. 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 and end 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 extended producer responsibility (EPR) schemes. How we make and use our products directly affects our carbon footprint and our impact on the environment.

7.3. STRATEGY

Ontex is dedicated to contributing to a more circular world through a multi-faceted approach. By setting a target to achieve 100% sustainable packaging by 2025, we are actively working towards reducing our environmental footprint. Additionally, we are integrating alternative solutions into our products to replace fossil fuel-based materials, demonstrating our commitment to innovation and sustainability. Moreover, our product design emphasizes compatibility with end-of-life solutions, ensuring that we maximize the value derived from our products throughout their lifecycle.

100% SUSTAINABLE PACKAGING BY 2025	SUSTAINABLE PRODUCTS	END-OF-LIFE SOLUTIONS	ZERO WASTE TO LANDFILL
• 100% recyclable packaging • > 30% recycled or renewable content in our **plastic** packaging • 100% recycled content for all our **cardboard** boxes	• **Replace** fossil fuel-based materials • **Reduce** carbon footprint • **Optimize** design for recycling or bio-degradation	• Find, pilot and implement **solutions for the sanitary waste stream** via partnerships	• We aim to have a **recycling index** of 100% by 2025

Figure 3: Ontex Circular goals 2030

7.4. OUTCOME

Sustainable products

Being primarily active on the retailer brand and institutional channel, the pace of transition towards sustainable products and packaging solutions is largely dictated by our customers. However, we want to be their key partner to provide solutions, share knowledge and tools, and work collaboratively on reducing our impact on the environment.

Over 75% of our raw material fall under one of three categories: fluff, super absorbent polymer (SAP), and non-wovens.

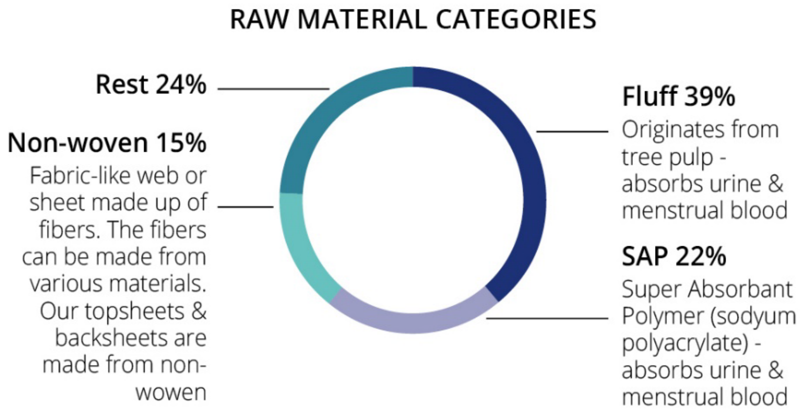


Figure 4: Commodity supplied in 2023 (in % of total weight)

The pursuit of circularity for our products is a shared commitment among all members of our organization, regardless of the nature of the products we offer. We aim to integrate circular principles into every aspect of our product development and life cycle management to contribute meaningfully to a more sustainable and circular future. Over the past five years, we have consistently reduced the weight of our products as part of our sustainability initiatives. Notably, we have achieved a 10% reduction in the weight of our diapers and incontinence products. This progress underscores our dedication to continuous improvement in resource efficiency and environmental impact. Furthermore, we actively promote eco-labeling initiatives, empowering market actors to participate in and contribute to a circular economy.

Sustainable packaging

In line with our commitment to sustainability, Ontex is actively working to enhance the environmental profile of our packaging. One key initiative involves increasing the share of recycled content in our plastic packaging. By aiming for a minimum of 30% recycled or renewable content in our plastic packaging by the end of 2025, we aspire to contribute to a more circular and eco-friendly packaging system. To realize this objective, we have innovatively developed a paper bag solution as an alternative to our plastic bags and we promote the incorporation of recycled content in our packaging.

We have not only integrated recycled content into our plastic packaging but have also significantly reduced our overall plastic consumption. Through targeted initiatives aimed at reducing the thickness of bags across all product categories throughout Europe, we have achieved substantial reductions in our use of plastic. In 2023, these efforts culminated in a remarkable reduction of 6% compared to 2022, and an even more impressive 11% reduction when compared to 2020. These achievements underscore Ontex's dedication to diverting from virgin plastics and highlight our proactive approach to minimizing our environmental footprint.

Looking to the horizon, our commitment to circularity propels continuous improvements in the sustainability of our packaging solutions. We are ready to introduce paper bags for additional categories such as feminine care and incontinence in the forthcoming year. At the same time, we are poised to significantly strengthen the incorporation of recycled content within our packaging materials. Anticipating the rising demand for environmentally-friendly packaging options, we will substantially expand our capacity to offer packaging with recycled content.

Our dedication to product innovation includes optimizing our materials for sustainability. This commitment is reflected in launching new products featuring biobased and natural materials. We prioritize supporting our customers in making informed choices by monitoring our product's footprint from initial design stages to material selection, and extend this responsibility to include considerations for end-of-life scenarios. This innovation drive is a collaborative cooperation throughout our value chain, as we work closely with suppliers to choose the best raw materials and empower our customers to embrace sustainability with us.

Resource inflows

	2021	2022	2023	% 2023/2022
Sustainable products				
Recyclable content in products (%)	0	0	0	0 pp
Renewable content in our products (%)	48	47	46	-1pp
Average product weight intensity (g/PC)	29.18	28.3	28.3	0
Sustainable packaging				
Renewable content in our packaging (%)	64	64	64	0 pp
Recycled content in our plastic packaging (%)	7	13	20	+7 pp
Recycled content in our paper and cardboard packaging (%)	96	96	97	+1 pp

Resource outflows

Products and materials

Our packaging, whether in the form of plastic bags or cardboard boxes, is designed for recyclability. However, the success of recycling is contingent upon the effectiveness of local waste collection schemes in the respective countries where the packaging is utilized.

For products manufactured by Ontex, Ontex is exploring solutions for the sanitary waste stream. In 2023 we further cooperated with Woosh to enable a circular diaper loop.

Table 8: Recyclability of products & packaging

	2021	2022	2023	% 2023/2022
Recyclability of products (%)	0	0	0	0 pp
Recyclability of product packaging (%)	100	100	100	0 pp

The table below illustrates the progression of our products featuring eco- or health labels over the past three years, highlighting a significant 16 percentage point growth in 2023 compared to 2022. This growth is primarily attributed to the successful implementation of our FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) strategies, emphasizing our commitment towards transparency in our supply chain and our consumers.

Table 9: Eco-/health labels on our products (% turnover)

	2021	2022	2023	% 2023/ 2022
Eco-/health labels on our products (% turnover)	48	49	65	+16pp

Production waste generated

Ontex recognizes the limitations of landfilling in providing a sustainable solution for waste management. Therefore, as part of our commitment to environmental responsibility, one of our key objectives is to achieve zero waste to landfill by 2030. In our pursuit of operational excellence, we are actively working to minimize the amount of waste generated in our operations (mainly plastic waste, cardboard or textile).

In 2023, out of all our production plants, 7% of our production waste was sent to landfill and came from 6 plants. For these plants action plans are in place to divert the waste from landfill by 2025.

Table 10: Production waste generated

	2021	2022	2023	% 2023/ 2022
TOTAL PRODUCTION WASTE[4] (t)	**41,358**	**34,878**	**35,784**	**3%**
Hazardous waste diverted from disposal (t)	**102**	**84**	**110**	**31%**
Hazardous waste diverted from disposal due to preparation for reuse (t)	0	0	0	0%
Hazardous waste diverted from disposal due to recycling (t)	102	83	110	33%
Hazardous waste diverted from disposal due to other recovery operations (t)	0	1	0	-100%
Non-hazardous waste diverted from disposal (t)	**35,622**	**28,901**	**30,289**	**5%**
Non-hazardous waste diverted from disposal due to preparation for reuse (t)	1,237	870	899	3%
Non-hazardous waste diverted from disposal due to recycling (t)	34,385	26,751	29,389	10%
Non-hazardous waste diverted from disposal due to other recovery operations (t)	0	1,280	0	-100%
Hazardous waste directed to disposal (t)	**316**	**251**	**205**	**-18%**
Hazardous waste directed to disposal by incineration (t)	287	212	188	-11%
Hazardous waste directed to disposal by landfilling (t)	15	0	0	0%
Hazardous waste directed to disposal by other disposal operations (t)	14	39	17	-56%
Non-hazardous waste directed to disposal (t)	**5,318**	**5,642**	**5,180**	**-8%**
Non-hazardous waste directed to disposal by incineration (t)	3,372	2,645	2,440	-8%
Non-hazardous waste directed to disposal by landfilling (t)	1,946	2,790	2,506	-10%
Non-hazardous waste directed to disposal by other disposal operations (t)	0	207	234	13%
Non-recycled waste (t)				0%
TOTAL AMOUNT OF HAZARDOUS WASTE (t)	**418**	**335**	**315**	**-4%**
TOTAL AMOUNT OF RADIOACTIVE WASTE (t)	**0**	**0**	**0**	**0%**
WASTE DIVERTED FROM DISPOSAL (t)	**35,724**	**28,985**	**30,399**	**5%**
WASTE DIRECTED TO DISPOSAL (t)	**5,634**	**5,893**	**5,385**	**-9%**
RECYCLING INDEX (%)	**95**	**91**	**92**	**+1pp**

[4] Data from 2021 and 2022 have been restated in light of the recent divestment of Ontex Mexican business activities located in Puebla. All production plants are integrated.

8. VOLUNTARY ENVIRONMENTAL DISCLOSURES

In the pursuit of transparency, Ontex is committed to disclosing information that, while not identified as material for the company or its supply chain, holds significant interest for stakeholders due to its global importance. These topics, though not directly impacting our operations in a material sense, are recognized as pressing concerns from a worldwide perspective. Ontex acknowledges the heightened interest and concern surrounding these global issues and, in the interest of fostering open communication and engagement, willingly provides relevant information on these matters.

This proactive approach to reporting aligns with our commitment to addressing the broader socio-economic and environmental context in which Ontex operates. By recognizing and responding to stakeholder concerns that extend beyond immediate material impacts, we aim to contribute to a more informed and collaborative dialogue. Our commitment to transparency encompasses a broad spectrum of issues, reflecting our awareness of the interconnectedness of global challenges and our dedication to responsible and open corporate practices.

8.1. POLLUTION - MICROPLASTICS

Superabsorbent polymer (SAP) is included under the definition[5] of microplastic polymer. SAPs are essential components of absorbent hygienic products (AHPs) and are not released during the use or end-of-use phase. Indeed, modern AHPs are multi-layer structures which are glued or fused together. SAPs are contained deep within the inner core of the AHPs, which is further surrounded by wraps, liners, or nonwovens. Moreover, SAP loses its microplastic properties during usage (by swelling). Hygiene products produced by Ontex such as feminine hygiene, incontinence products and baby diapers, are regarded in the legislation as 'complex articles' that are composed of different raw materials. Most of these raw materials are articles themselves according to the definition of the REACH standard and other raw materials are 'preparations'. Although we know that hygiene producers (downstream users) are not required to submit a registration for the product itself and that most of the raw materials are exempted from registration according to the REACH requirements, we have nonetheless taken the following actions:

- Identified which raw materials are used in our products from which suppliers

Identified the product-group (substances/preparations /articles)

Identified which quantities are ordered of every raw material

Identified which raw materials are imported from outside the EU

Conformity declaration with explicit questions related to REACH and approved by an external toxicologist

Confirmation of the absence of any SVHCs in concentrations above 0.1%

Whether any chemical substances are present for intentional release

Actively monitoring the proposed actions from EDANA / European Union

Based on all available information, no SVHC (substances of very high concern) are present in any of our raw materials or finished products in a concentration higher than 0.1% (w/w) which are mentioned in:

[5] As defined by Regulation (EU) 2023/2055 on substances of concern that are generated or used during production

REACH Candidate List – https://echa.europa.eu/candidate-list-table

REACH Authorisation List – https://echa.europa.eu/authorisation-list

REACH Restricted Substances - https://echa.europa.eu/substances-restricted-under-reach

Endocrine disruptor assessment list – https://echa.europa.eu/ed-assessment

CLP Annex VI, part 3 – https://echa.europa.eu/information-on-chemicals/annex-vi-to-clp

8.2. WATER AND MARINE RESOURCES

Ontex utilizes water primarily for sanitary purposes, fire control, and air-conditioning systems at its production sites. It is important to note that no water is added during the manufacturing of our products, leading us to consider water withdrawal as a non-material topic for Ontex. Nevertheless, we actively monitor water withdrawal figures, providing a breakdown per water source, in alignment with our commitment to transparency.

While the discharge of water is kept to minimal amounts in compliance with local environmental permits and legislation, Ontex does not set specific goals for water reduction, given its non-material status. However, we diligently monitor the volume of water consumption across our facilities. Our commitment to monitoring water usage reflects our dedication to responsible resource management and environmental stewardship, even in areas not deemed material to the company.

Table 11: Water consumption and intensity ratio

	2021	2022	2023	%2023 / 2022
Ground water (m³)	59.3	68.5	85.8	25%
Surface water (m³)	3.4	4.1	5.0	22%
Urban water (m³)	102.6	88.4	59.3	-33%
Rainwater (m³)	0.9	0.6	0.2	-67%
Deep well water (m³)	11.9	12.6	13.7	9%
Total water consumption (m³)	**178.1**	**174.2**	**163.9**	**-6%**
Water intensity ratio (m³/1000 finished goods)	**0.01**	**0.01**	**0.01**	**0%**

8.3. BIODIVERSITY AND ECOSYSTEMS

Governance

Governance related to biodiversity and ecosystem impacts follows the same base as the governance of ESG explained in Chapter 2. This topic finds its way to the Board of Directors via the Audit & Risk committee and the Chief Innovation & Sustainability Officer brings it up on the agenda of the Executive Committee (EC). The EC approves the targets for sustainable origin of renewable raw materials and makes sure they are firmly incorporated into our business, especially procurement strategies.

Risks and opportunities

At Ontex we purchase several raw material commodities which require extra diligence as they can be associated with a higher risk of biodiversity loss and harm to ecosystems.

WOOD-BASED MATERIALS	COTTON-BASED MATERIALS	OTHER MATERIALS OF RENEWABLE ORIGIN
pulp, airlaid, tissue, viscose, silicone paper, paper and cardboard packaging and auxiliary components	cotton fibers, yarns, cotton-based and enhanced non-wovens	biobased, biocircular and biomass-balanced plastics (non-wovens, SAP, etc.)

When it comes to risks associated with these materials, the main ones we foresee are reputational (e.g. negative media coverage) and markets-related (e.g. availability of certified sustainable materials). However, with the further enhancement of regulatory mechanisms, non-compliance with international and national laws (e.g. EU Deforestation Regulation) might also pose a risk. Furthermore, the increased severity of extreme weather events affecting the supply chain is also a potential risk.

On the positive side, however, there are opportunities which such materials unlock for us. An excellent market opportunity is linked to an increased availability of products with reduced environmental impact: as part of our circular program, we work on innovations which allow us to replace traditional fossil –fuel-based materials with more sustainable alternative materials of renewable origin.

For now, the risk of biodiversity and ecosystems impacts associated with sourcing of other raw material commodities is being tackled by a cascaded requirement to possess a documented environmental management system (like ISO 14001:2015 or similar) and tier 1 supplier evaluation through the EcoVadis platform.

Policies and strategy

The Sustainable Sourcing Policy for Renewable Raw Materials is the base policy guiding our suppliers and procurement specialists in ensuring that wood, cotton and other materials of renewable origin are sourced sustainably and in a traceable manner. Adherence to both of these principles relies on credible third-party certification schemes of choice specified in the policy. The policy also outlines the requirement for full transparency in supply chain disclosure to order to enable Ontex internal due diligence process.

Ensuring the sustainable origin of our renewable materials is a higher-level goal included in the sustainable supply chain pillar of our Sustainability Strategy 2030.

Outcome

Implementation of the policy requires concrete action to conduct the internal due diligence process. This process consists of three main blocks: gathering of information from our suppliers via sourcing questionnaires, assessing and classifying potential risks on the basis of provided information, and mitigating or avoiding the non-negligible risks. Through the sourcing questionnaires we obtain the data related to scientific names of species used, their geographical origin (country and where applicable also sub-national region), applicable certifications and systems for traceability. For sensitive materials such as materials of renewable origin, we also aim to obtain disclosure of the supply chain, or to the minimum, explanation of its set-up.

In the sourcing classification we use a wide variety of available public sources, including but not limited to: country rankings on corruption, biodiversity, timber legality, list of sanctions and conflicts, protection status of species, maps, databases, statistical data, as well as news and scientific articles.

As a result of this process, we have determined that in 2023 Picea Abies, Pinus sylvestris, and Betula Pendula are the three most popular species for manufacturing our wood-based raw materials and packaging. The overall majority of species used by our suppliers are classified as ‘of least concern’ by the International Union for Conservation of Nature (IUCN), and even though some species are listed in other IUCN protection categories, they are not protected in the actual country of our sourcing, derived from plantations and not a native forest, or used to control infection. This aspect is always double-checked across the supply chain to ensure the conservation status is well respected.

The timber is derived predominantly from Europe and the United States. Some countries with an elevated risk profile, like Brazil, Argentina, Uruguay are also declared as wood origin locations and we do require extra information from our suppliers to prove the legal sustainable origin. Especially in this instance, the additional disclosure along with regions and municipalities becomes a key to search for NGO reports or other news about illegal logging or wood trade. So far, all our suppliers with timber originating from higher-risk countries have managed to provide sufficient evidence of the sustainable origin and supply chain.

As for cotton, the fibers used come from Turkey, Tajikistan and Kyrgyzstan. Additional countries of sourcing of cotton in non-wovens and yarns are USA, Turkey, India and Israel. The cotton species commonly used are Gossypium hirsutum and Gossypium barbadense. The cotton supply chain is especially sensitive to risks related to human right violations and environmentally harmful cultivation practices. Together with our suppliers we rely on different mitigation strategies.

This coming year 2024 will mark the EU Deforestation Regulation entering into force alongside the GOTS standard version 7.0. Together with the ongoing work on the CSDDD-aligned due diligence process, we will continue the work on further adjustment of our due diligence mechanisms to ensure sustainable origin of our raw materials in respect of human rights and environment across the full value chain.

The main metrics used to monitor our achievement towards 100% sustainable origin of our renewable materials are two-fold: from one side, a share of our wood-based raw materials coming from certified or controlled sources; and a share of organic from another.

In 2023, 95% of our wood-based raw materials came from certified or controlled sources, falling just 5% short of our 100% target. Continuing suspension of the FSC certification in Russia and a switch from international to Russian wood pulp suppliers to secure production continuity at our Russian site in Noginsk caused this temporary deviation. However, the share of certified versus controlled material has experienced a solid increase from 78% in 2022 to 91% in 2023 mostly due to the divestment of Puebla site in Mexico. Linked to this, the share of products with an eco- or health-label has also jumped from 48% in 2022 to 65% in 2023 due to this divestment but more importantly, due to our efforts in actively promoting certifications to our clients.

In 2023, 93% of our cotton-based raw materials came from organic sources - still leaving a gap of 7% from our 100% target. This gap got wider in the course of 2023 vs. 2022 mainly due to pricing pressures and the material choices of our US customers. However, in 2024 we plan to further promote more sustainable cotton material choices overseas.

Table 12: Biodiversity & ecosystems

Biodiversity and ecosystems	2021	2022	2023	%2023 / 2022
Share of fluff coming certified sources (FSC/PEFC) (%)	83	78	91	+13 pp
Share of fluff coming from controlled sources (%)	17	18	4	-14 pp
Share of cotton from organic sources (%)	96	94	93	-1 pp

9. OUR WORKFORCE

ONTEX AS A RESPONSIBLE EMPLOYER

Our people are the cornerstone of our success, embodying a wide range of skills, backgrounds, and experiences that enrich our corporate culture and drive execution in all domains, whether it is operations, R&D, commercial or our supporting functions. As an employer we are committed to maintain a work environment which is safe, enjoyable and enabling everyone to bring their best self to work. To achieve this we remain dedicated to advancing employee health, safety and well-being, developing our people, and creating conditions for diversity, equity and inclusion to thrive.

Governance

Governance related to own workforce and Ontex being a responsible employer follows the same base as the governance of ESG explained in Chapter 2 of this document. This topic finds its way to the Board of Directors via the Remuneration Committee and the Chief Legal and HR Officer brings it up on the agenda of the Executive Committee (EC).

Additionally, to advance our Diversity, Equity and Inclusion aspirations we enlisted support of Annick De Poorter and Paul Wood (both members of the Executive Committee) as Executive Sponsors for DEI, assembled a DEI Council at the group level and appointed a local DEI Champion in every major location. The role of the **Executive Sponsors** is to advocate for DEI internally and externally and ensure the right support and resources for the DEI initiatives. **DEI Council** is a group of 15 Ontex employees diverse by gender, cultural background, age, work location, job function and position level, which proposes and leads specific initiatives at the group level. The role of the **DEI Champions** is to ensure local adoption of the group-wide initiatives as well as to determine and drive local priorities and actions.

Policies and strategy

In 2023 the priorities of the Ontex HR team have been centered around:

simplifying organizational structure;

driving accountability and teamwork through culture and leadership;

closing critical capability gaps;

updating our rewards systems; and

simplifying ways of working and making them more efficient.

Outcome

At the beginning of the year we implemented a number of changes to streamline our organization, starting from the very top. As a result, the number of the members of the EC and direct reports to the CEO was reduced to 7 – each with very clear roles and accountabilities. We have also carried out some structural changes to the functional teams to ensure that our organizational design fully supports our strategy.

Rooted in our belief that “culture eats strategy for breakfast”, we invested a lot of effort into re-activating our P.R.I.D.E. values, because they are the expression of our company’s soul and a way to nurture our sense of belonging to one Ontex team. We started with refreshing the values to align them with the current context and expectations and to make sure that they are easy to understand and follow. We then worked on gaining the commitment of the Ontex leadership to become true role models of our values. To support leaders in this journey we launched a campaign to rejuvenate our values across the organization. We also introduced a new company-wide recognition program which celebrates individuals and teams at all levels of our organization and who champion our P.R.I.D.E. values in their day-to-day work. Finally, last November we launched a first Pulse Survey on Culture and Leadership, to allow us to assess our progress and to give all our employees a platform to share their feedback and suggestions, We commit to repeat the survey on a quarterly basis throughout 2024 to maintain a forum for open feedback for our employees and gathering insights to guide us when setting priorities or defining actions.

Passion

LET'S BE ENERGIZED.

We bring positive **energy** to work every day. We **invest** ourselves to advance Ontex and our purpose and **celebrate** our achievements.

Reliability

LET'S COUNT ON EACH OTHER.

We take **ownership** and stick to our **commitments**. We demonstrate **accountability** for the **results** we deliver.

Integrity

LET'S WALK THE TALK.

We stand up to **protect** and **respect**. We **speak up** and **do the right thing**, even in challenging circumstances because **trust** is at the base of everything we do.

Drive for Results

LET'S PLAY TO WIN.

We **plan** and **play to win**. We dare to take risks, **prioritize** our efforts on what really matters and act with **speed** and **pragmatism**.

Everyone

LET'S DO IT TOGETHER.

We succeed as one **team Ontex**. We act with unity and inclusion, embrace **diversity** and truly **care** for each other.

Another way in which we strengthened our culture is through our focus on Diversity, Equity and Inclusion. Pursuant our objectives to raise awareness of DEI issues, create a truly inclusive culture, ensure equity and increase the share of women in leadership we implemented a number of actions in 2023, For example, for the first time ever we leveraged the network of the local DEI Champions in a coordinated effort to engage and educate our employees on the various DEI issues and demonstrate our solidarity with the most vulnerable groups. We started with activities organized across many locations for the International Women's Day and continued on other occasions, such as Pride month, Equal Pay Day and the International Day of Persons with Disabilities. To further drive awareness, we created DEI pages on our intranet and ontex.com and begun filling them with relevant content. We also encouraged creation of the first Employee Resources Groups (ERGs), such as “Working Parents” group in France, “M/V/X in Operations” group in our Buggenhout plant, which is open to employees of all genders, “Out-of-place” group for immigrants in our headquarters in Aalst and several groups in Brazil - "50+" group, “EllasOn” (women), RaciALL (ethnic & racial), Abraça (people with disabilities) Colore (LGBTQIAPN+). And finally, to support our ambition to achieve gender parity in leadership, we took extra effort to achieve better balance in the shortlists for our leadership positions. As a result, we were able to increase the ratio of women in management positions by 5%.

OUR KEY AMBITIONS

The actions initiated at the group level were complemented by the local initiatives. To give a few examples, our colleagues in **Brazil** leveraged their ERGs to lead a newly created quarterly committee with local management to validate strategy, action plans and investments and ensure continuous focus on DEI. In addition, they reviewed parental policy to make it more inclusive for all LGBTQ+ parents. The team in **Radomsko**, Poland opened up training opportunities for women to develop into technical professions such as production line operator. As a result, last year 15 women took on the role of operator or team leader in the production area. A multifunctional room, which can also be used for breastfeeding, was created in **Rouiba**, Algeria. The local DEI Champions in **Spain** conducted a DEI survey among all employees, which became the basis for the DEI action planning and execution in this location. To assess the effectiveness of the DEI program, which was put in place over the past few years and the overall progress on DEI topics, a similar survey was also conducted in **Italy**. In addition to that the Italian team created a “manifesto” in which they committed to inclusive behaviors towards all internal and external stakeholders. In **Aalst**, Belgium a number of panel discussions with Ontex employees and guest speakers were organized throughout the year to raise awareness around DEI issues. And in **Istanbul**, Turkey, a panel discussion with employees and management which was organized at the beginning of the year gave input to the annual DEI plan, which among other activities included providing employees with unique experience to gain better awareness of challenges which people with disabilities face in life and at work.

Next to the organizational changes and our work on culture and DEI, we also focused on ensuring that we have the right capabilities to succeed in execution of our strategy. Following the divestment of our Mexico business and the plant in Puebla, which resulted in a reduction of our workforce by more than 1360 FTEs, we needed to strengthen our capabilities in North America and further grow capacity of some of our European plants, where FTEs grew vs last year by about 230. In addition to onboarding and training the newcomers, we also organized LinkedIn learning challenges throughout the year to encourage our employees to use training resources available to them and educate them on the topics which are important to Ontex, such as Individual Productivity, Personal Growth and DEI. As it was already mentioned, we also redesigned our short- and long-term incentive plans to better align them with our culture and enable them to support the delivery of the company’s KPIs and the advancement of our ESG objectives. More information on the incentive schemes can be found in the Remuneration Report.

In terms of core processes, we worked on further improving our performance management by stimulating frequent and 360 degrees feedback moments and by driving an even stronger focus and accountability among our employees in achieving their objectives. We also streamlined our data management what enabled us to have better insights into our workforce and allowed us this year to report the majority of the workforce data from a single Human Capital Management system, internally called Ontex 4 You.

OUR WORKFORCE PROFILE

In this section of our annual report, we are pleased to present the workforce profile of Ontex, reflecting our company's commitment to diversity, talent development, and international reach. The following table provides a detailed overview of our employee demographics, including age, gender & geographical distribution as well as the degree of interactions with our social partners and training we provided. Information about the definitions & scope can be found it the Methodology report.

Table 13: Our workforce profile

	Unit	Progress reporting		
		2021	2022	2023
WORKFORCE				
Ontex employees				
Total number of active employees	FTE (Full-time equivalent)	9,039	8,824	7,698
Non-employees				
Total number of non-employee workers	FTE (Full-time equivalent)	-	1,185	940
Employees in management				
Total number of active employees in management	FTE (Full-time equivalent)	76	76	64
Employees by category				
Blue collar	FTE (Full-time equivalent)	5,813	5,736	5156
White collar	FTE (Full-time equivalent)	3,150	3,088	2542
Employees by contract type				
Limited duration (temporary)	% of Employees	5	3	3
Unlimited duration (permanent)	% of Employees	95	97	97
Employees by gender				
Percentage of men in total employees	% of Employees	71	70	66
Percentage of women in total Employees	% of Employees	29	30	34
Employees by age				
<30 years	% of Employees	20	19	16
30-50 years	% of Employees	62	62	63
>50 years	% of Employees	17	19	21

Inclusive diversity				
Percentage of women in management	% of Employees	26	20	25
Percentage of persons with disabilities	% of Employees	1	2	2
Number of different nationalities	Count of different Nationalities	75	78	75
Hires & terminations				
Total number of hires	**FTE (Full-time equivalent)**	**1,505**	**2,063**	**1515**
Total number of terminations	**FTE (Full-time equivalent)**	**2,134**	**1,662**	**1209**
Turnover rate (%)	Number of employee terminations in the current year/Number of Actives employees at the beginning of the current year (January)	24	16	16
Involuntary turnover rate (%)	Number of employee with involuntary terminations in the current year/Number of Actives employees at the beginning of the current year (January 2023)	-	-	5
Voluntary turnover rate (%)	Number of employee with voluntary terminations in the current year/Number of Actives employees at the beginning of the current year (January 2023)	-	-	10
Retirement rate (%)	Number of employees retired in the current year/Number of Actives employees at the beginning of the current year (January 2023)	-	-	1
Absenteeism rate	% of total of unplanned hours of absence / total amount of hours available in 2022	4	3	4
SOCIAL DIALOGUE				
Employees covered by collective bargaining agreements	% of employees	61	57	73
Employees that are represented by a health & safety committee	% of employees	85	90	88
TALENT DEVELOPMENT				
Percentage of employees trained	% of employees trained/total number of employees	83	83	76
Total number of training hours	Number of training hours	187,974	137,483	127,261
Average number of training hours per employee	Training hours/total number of employees	21	16	17

OCCUPATIONAL HEALTH & SAFETY

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.

Residual energies, mechanical and cutting risks that could lead to an irreversible (life-altering) injury such as amputation of body parts.

Analyzing the root cause of occupational accidents , however, it must be underlined that many of them 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.

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. Ontex is responsible for the occupational health and safety of its employees and others who can be affected by its activities. This responsibility includes promoting and protecting their physical and mental health. Occupational Health & Safety is intended to enable our organization to provide safe and healthy workplaces, prevent work related injury and ill health. As part of our ambition of zero occupational accidents, we track all occupational 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 work 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.

Risk assessment process, essential to understand and mitigate (potential) risks, including 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.

Table 14: Occupational health & safety

	Unit	Progress reporting				Targets	
		2020	2021	2022	2023	2025	2030
HEALTH & SAFETY							
Occupational accidents							
Frequency rate	Ratio	5.45	2.96	3.78	3.52	1.50	0.00
Severity rate	Ratio	0.18	0.10	0.10	0.13	0.05	0.00
Fatal accidents	Number	0	0	0	0	0	0

Ontex has consistently prioritized occupational safety. In 2023 this resulted in a reduction of our frequency rate by 35,41% compared to 2020 and 6,88% compared to 2022, but there was an increase of severity rate that means that there were more severe events.

Improvements in occupational health and safety indicators result from the safety culture approach implemented to protect everyone working at Ontex.

9.1. LOCAL COMMUNITY INITIATIVES

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 on these topics.

As a matter of policy, Ontex does not make donations to political parties or organizations.

Our performance

In line with Ontex's commitment to supporting vulnerable communities, our donations focus on providing essential products to those in need, particularly in the realms of baby care, feminine hygiene, and incontinence management. We believe in the importance of ensuring access to these basic necessities for all individuals. One notable collaboration has been with the Pink Box Foundation, where Ontex Radomsko has partnered to supply free menstrual hygiene products to high school students in Radomsko and neighboring areas, addressing a critical need and supporting young individuals in their educational journey. Additionally, we're proud to have contributed to LEAD Girls in the US, an inspiring organization dedicated to empowering individuals near our Stokesdale, North Carolina plant. This donation exemplifies our dedication to fostering the well-being of the communities where we operate, embodying Ontex's values of compassion and social responsibility. These two examples - the collaboration with the Pink Box Foundation and the contribution to LEAD Girls in the US - are just a glimpse of our broader efforts to positively contribute to society.

In 2023, we donated over €600,000 of in-kind donations to vulnerable groups. Handover pictures of several 2023 donations can be found at https://ontex.com/sustainability/building-trust/ontex-donations-and-donation-policy/

Table 15: Donations

	Unit	Progress reporting		
		2021	2022	2023
Local community initiatives				
Donations	€	1,150,000	1,760,000	€649.041

10. WORKERS IN THE VALUE CHAIN

In this section, we delve into the journey of our products through the Ontex value chain, a comprehensive process that extends from the sourcing of raw materials to the responsible management of end-of-life waste. Our value chain is designed to reflect our commitment to sustainability, quality, and innovation at every step. It consists of five stages: raw materials, design & manufacture, warehouse & distribution, markets & consumption, and end-of-life. This section provides an overview of the various stages that define our operational journey, from the sourcing of raw materials to the final stages of product life.

OUR VALUE CHAIN

Raw material

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.

Figure 5: Our value chain

The supplier base of Ontex is comprised of more than 500 suppliers located in more than 70 countries. However, the majority are located in Europe (60%), and Latin America (29%). Raw material suppliers account for a little more than 70% of Ontex's spend.

GOVERNANCE

Our sustainable approach is guided by the sustainable sourcing policy and Supplier Code of Conduct, which are integral to identifying and mitigating supply chain risks. Aligned with these policies, we expect our suppliers to uphold business integrity, champion sustainable procurement principles, adhere to local laws, prioritize health and safety, minimize climate and environmental impact, and uphold international human rights laws, including eradicating child and forced labor and eliminating discrimination within their operations and from their suppliers.

Together with these policies, we have additional specific requirements, such as our ethical sourcing requirements, implemented through a risk-based approach. Ontex's sustainable value chain governance is structured around various bodies, all working to align our operations with the responsible sourcing objectives outlined in our Sustainability Strategy 2030. The responsible sourcing group specialists conduct thorough risk assessments throughout the Ontex value chain to identify actual and potential impacts on human rights and environments. These risk-based assessments are a crucial step in comprehending and mitigating risks.

We engage with our suppliers through various touchpoints to identify, evaluate, prevent, and manage potential risks related to sustainable sourcing practices.

Potential raw material suppliers of Ontex complete a self-assessment questionnaire including sustainability-related questions (covering environment, social and governance issues).

Each Ontex supplier is required to sign the Ontex Supplier Code of Conduct. It is an annex to purchasing contracts and includes a reference to Ontex’s 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.

Since 2022, Ontex has initiated the process of inviting its raw material suppliers to participate with EcoVadis, a third-party-verified sustainability assessment provider. This assessment is intended to enhance our understanding of environmental, social, and governance risks within our supply chain, serving as a catalyst for uncovering opportunities and promoting continuous improvements in our operations. In 2023, within Ontex's supplier portfolio, 58 suppliers were selected for the EcoVadis sustainability assessment based on risk country context, sector, and commodity location criteria. Among these, 37% successfully completed the assessment, with 82% achieving a score of 45 or higher, indicating active engagement in sustainability practices. Mitigation actions were proposed and implemented for suppliers with high-risk scores.

In addition, we request suppliers located in high-risk countries to provide us with a valid third-party social audit report. In 2023, 15% of our raw material (10,80%) and packaging (4,53%) suppliers which are managed by the Group were located in a risk-country, of which approximately 39% 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 2023.

ESG SUPPLY CHAIN RISKS

At Ontex, we recognize that our supply chain plays a critical role in achieving our sustainability goals. As we strive to make a positive impact, it is essential to address ESG risks within our supply chain. This chapter outlines the key risks we face and our approach to mitigating them.

Environmental risks

Climate change and carbon footprint: Our supply chain contributes to greenhouse gas emissions through transportation, energy use, and raw material production. We must monitor and reduce our carbon footprint by collaborating with suppliers to adopt cleaner energy sources and optimize logistics. More information about how we manage this risk can be found in the Climate chapter of this report.

Resource scarcity: Ensuring sustainable access to water, energy, and raw materials is crucial. We assess suppliers' resource management practices and encourage efficient resource use.

Deforestation: We recognize the impact of deforestation on ecosystems and biodiversity. Our sustainable sourcing policy emphasizes responsible forest management and discourages suppliers from contributing to deforestation.

Social risks

Labor rights and working conditions: Ensuring fair wages, safe working conditions, and respect for human rights are paramount. We conduct regular third-party social audits to assess compliance with labor standards and engage in capacity-building programs.

Child labor and forced labor: We have a zero-tolerance policy for child labor and forced labor. Suppliers must adhere to international labor conventions, and we actively monitor compliance.

Health and safety: Worker safety is non-negotiable. We collaborate with suppliers to enhance occupational health and safety practices, reducing accidents and promoting employee well-being.

Governance risks

Ethical business practices: We expect suppliers to uphold ethical standards, including anti-corruption measures. Our Supplier Code of Conduct sets clear guidelines, and we encourage transparency and accountability.

Supply chain transparency: Transparency is essential for identifying risks. We engage with suppliers to map our supply chain, assess vulnerabilities, and address any gaps.

Supplier resilience: Disruptions (such as natural disasters or geopolitical events) can affect our supply chain. We work closely with suppliers to build resilience and contingency plans.

SUPPLIER DUE DILIGENCE STRATEGY

Ontex is firmly dedicated to upholding global standards, with a particular focus on the United Nations Guiding Principles on Business and Human Rights. We acknowledge the responsibility of companies to conduct thorough human rights and environmental due diligence, ensuring that our operations consistently align with human rights norms and remain free from any involvement in rights violations. Our commitment involves a comprehensive assessment of both existing and potential human rights risks, the implementation of effective measures to mitigate these risks, and proactive efforts to address any abuses that may arise. Furthermore, we maintain transparency regarding our due diligence endeavors, in line with the principles emphasized by these global standards. The following table outlines the key elements of our due diligence program.

At Ontex, we are committed to responsible business practices and upholding global standards. Our supplier due diligence strategy ensures alignment with industry norms and emphasizes transparency. Below are the key phases of our approach:

Table 16: Supplier due diligence strategy

STEP 1 EMBED RESPONSIBLE BUSINESS CONDUCT INTO POLICIES AND MANAGEMENT SYSTEMS	STEP 2 IDENTIFY AND ASSESS ADVERSE IMPACTS	STEP 3 CEASE, PREVENT, AND MITIGATE	STEP 4 REPORTING AND TRANSPARENT COMMUNICATION
• In 2023, Ontex incorporated the role of Group Responsible Sourcing Specialist. • As the first step in 2023, Ontex is defining its approach to due diligence principles, defining scope, targets, and strategically define how to adapt internal policies and management systems. The company is collaborating with cross-functional teams and external experts to ensure alignment with industry standards.	• In the second step of our methodology, in the risk-based approach we are adopting a Human Rights-Based Approach (HRBA) to identify human rights and environmental adverse impacts within our direct suppliers. The most significant identified risks will undergo deeper due diligence.	• In response to risk assessment insights, strategic control action plans will be crafted and implemented to proactively address, prevent and mitigate potential adverse impacts.	• As part of our future steps, our objective is to develop and implement a real-time data sharing and collaboration mechanism or tool, serving as a comprehensive system management tool.

Processes for engaging with value chain workers about impacts

Ontex emphasizes stakeholder engagement as a core element of our due diligence process, seamlessly integrated into our business activities. Recognizing our role in a broader ecosystem, we actively communicate with diverse stakeholders, including those in our supply chains and local communities. This commitment involves open and direct communication, from informal dialogue to strategic partnerships.

Outcome

In 2023, as part of Ontex's sustainable strategy under the Sustainable Supply Chain pillar, we have taken the following actions to foster a resilient and transparent supply chain:

We actively engage in an ongoing dialogue with our business partners, providing training through webinars to raise awareness about risks and encourage them to take joint action to mitigate these risks.

Potential raw material suppliers of Ontex are required to complete a self-assessment questionnaire that includes sustainability-related questions, covering environmental, social, and governance issues.

Ontex introduced a comprehensive Vendor and Supplier Handbook, complementing the Supplier Code of Conduct and Ethical Sourcing Policy.

Ontex's procurement strategy centers on sourcing from suppliers with certified products, aligning with recognized standards like FSC, PEFC, GOTS, OCS, and REDcert.

In tandem, we are working in a management system aligning with BSCI social audit standards and request valid third-party social audit reports from suppliers in high-risk countries.

Ontex collaborates with its raw material suppliers by utilizing EcoVadis, a third-party verified sustainability assessment provider. This assessment helps us to better understand environmental, social, and governance risks embedded in our supply chain. Additionally, it serves as a catalyst for uncovering opportunities and fostering continuous improvements.

In cases where Ontex receives indications of adverse impacts on human rights or the environment from its activities (via the complaints procedure or other channels), the company investigates and, if necessary, takes corrective action.

In 2023, Ontex implemented the findings from the revised supplier management approach in 2022, leading to the establishment of a Supplier Compliance Cell. The goal 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.

Our efforts to identify and manage suppliers with a risk profile through EcoVadis have resulted in an increased invitation for more suppliers to join the platform. We strive to maintain clear communication with our suppliers, explaining Ontex's sustainable requirements. This is the reason why the percentage of suppliers who have signed the code of conduct has improved. The rise in suppliers from high-risk countries is attributed to refining criteria based on external resources focused on protecting human rights. We have maintained the screening of new suppliers using social criteria at 100%. This steadfast commitment is achieved by carefully managing our social screening parameters, demonstrating our ongoing dedication to social responsibility and ethical sourcing practices across our supplier engagement.

Table 17: Supply chain due diligence

Sustainable supply chain	Unit	2021	2022	2023	%2023 / 2022
Supply chain due diligence					
% of high-risk suppliers' direct spend covered by sustainability assessments via EcoVadis	%	-	37	50	+13 pp
Human rights					
100% Supplier Code of Conduct signed by 2030[6]	%	93	96	100	+ 4 pp
Percentage of new suppliers that were screened using social criteria	%	100	100	100	+ 0 pp
Suppliers located in risk countries[7]	%	15	28	61	+33 pp
Percentage of risk suppliers covered by a valid social audit report	%	32	42	39	-3 pp

Note: In accordance with our Supplier Due Diligence Strategy, the concentration on high-risk suppliers is exclusively confined to those engaged in the supply of raw materials. Any resultant management action plans are directly linked to suppliers identified within this high-risk profile.

[6] The scope covers suppliers of raw materials, excluding those who provide packaging, outsourcing, and trading goods
[7] The methodology for risk-based assessment has been recently updated, and the results have significantly improved.

11. CONSUMER SAFETY

11.1. GOVERNANCE

Over the past year, a supplier compliance cell has been established led by the sustainability and product stewardship department. This cell will ensure a new level of transparency throughout the supply chain, focusing on technical communication with suppliers related to exposure-based risk assessment, regulatory compliance, exercise due diligence in the supply chain, and raw material safety. Additionally, the supplier compliance cell is accountable for end-to-end supplier approval and monitoring, including supplier audits. The cell closely cooperates with the sustainability, procurement, quality and R&D departments. Supplier monitoring of product quality occurs through a monthly global Q-score which is calculated based on raw material complaints and non-conform deliveries. This can lead to individual supplier review meetings, corrective actions, searching for alternative suppliers and potentially, supplier audits.

11.2. PRODUCT SAFETY RISKS

Ontex adheres to safety regulations for consumer articles and medical devices, addressing risks associated with product safety. A product safety policy has been drafted to clarify how Ontex guarantees compliance with legal regulations and considers non-legal requirements aligned with public safety perceptions.

Ontex has implemented robust processes to remediate negative impacts and mitigate risks by actively monitoring hygiene conditions, conducting random scientific tests and addressing customer complaints. Channels for raising concerns include post-market analysis and systematic reviews, contributing to continuous product improvement. All plants have a fully implemented BRC Consumer Products and IFS-certified management system implemented alongside the ISO 9001 and / or 13485 Quality Management System standards.

Ontex actively engages with consumers through transparency initiatives, such as providing detailed information on product composition and conducting chemical screenings. The company emphasizes collaboration with suppliers and references safety benchmarks like Oekotex 100®, Asthma Allergy Nordic®, and the Dermatest Five Star Seal®, all of which help consumers make safe and active choices in relation to skin health and address consumer concerns.

11.3. STRATEGY

Ontex aligns its strategy with material impacts, risks, and opportunities. Product safety has been raised as a key priority due to the double materiality assessment. The risk-based approach adopted for supplier compliance and product safety contributes to the overall business model.

Ontex aims to ensure regulatory compliance through the establishment of robust partnerships with suppliers, placing a significant emphasis on transparent communication regarding product composition, safety, quality, and environmental as well as social aspects. A pragmatic risk-based approach has been implemented, aligned with sustainability and quality strategies, to ascertain that suppliers conform to requisite standards. This collaborative effort is designed to foster responsible business practices, fortify regulatory adherence, and enhance transparency across the entirety of the supply chain.

Consumer articles must comply with the safety regulations stipulated in the legally binding European General Product Safety Regulation, the US Consumer Product Safety Act and the US Consumer Product Safety Improvement Act to mitigate any potential risks to human health. In addition to these legal mandates, it is imperative to consider non-legal requirements, particularly those arising from the safety perceptions prevalent in public opinion.

For medical devices manufactured by Ontex, compliance with prevailing medical device regulations across diverse markets is essential, along with adherence to associated safety requirements.

Ontex actively scrutinizes the supply chain for harmful substances and setting targets related to managing risks and opportunities. The effectiveness of these actions is monitored through programs like the EDANA Stewardship Programme and compliance with medical device regulations.

Product composition / Chemical exposure

As a converter, we do not make any chemical changes to the incoming raw materials. Given the importance of enhancing transparency, it is crucial to gather detailed information about the composition and compliance of raw materials, including adherence to regulations such as REACH, the Biocidal Product Regulation and Californian Proposition 65. This information enables us to conduct a comprehensive exposure-based risk assessment in cooperation with an external toxicologist, considering both intentionally added substances and the potential presence of non-intentionally added substances.

Over the past year, particular emphasis has been placed on scrutinizing the supply chain for any potential presence of per- and polyfluoroalkyl substances (PFAS), substances classified as carcinogenic, mutagenic, or toxic to reproduction (CMR), and microplastics.

At Ontex, our emphasis is on aligning with the Oekotex 100 ® standard class I (baby textile). This standard guarantees that our products adhere to rigorous safety benchmarks, making them safe for infants and all other users of absorbent hygiene products. The primary goal is to restrict harmful substances, safeguarding the health of consumers. The stringent criteria of this standard encompass a wide range of strict chemical regulations and extend further to consider factors such as chemical residues, colorfastness, and pH levels.

Requests for chemical test data from suppliers and random testing on products are carried out based on the EDANA Stewardship Programme Codex™.

In addition to conducting chemical screening of raw materials, we actively solicit test data from our suppliers to ascertain the biocompatibility of materials for their designated purposes. A pivotal standard guiding these assessments is the ISO 10993 series, which pertains to the biological evaluation of medical devices, emphasizing crucial aspects such as cytotoxicity, sensitization, and irritation. Furthermore, a comprehensive monitoring program has been instituted for the systematic testing of medical devices. Despite the intricate nature of our products and the extensive supply chain involved, we have successfully compiled a comprehensive list of ingredients for all tampons, pads, and liners manufactured for the United States. This compilation meets the necessary requirements stipulated by the varied menstrual product labeling laws currently being introduced across multiple states. We aim to have the full ingredient list available for every single product produced by Ontex to enable exposure-based risk assessment whenever needed.

Microbiological

Although there is no evidence of adverse events associated with the presence of microbes on dry absorbing hygiene products, Ontex actively monitors production hygiene conditions through random microbiological tests. These tests adhere to the Austrian Food Book – Commodities – Hygiene products and follow the European Pharmacopeia for microbiological testing of non-sterile products.

The dry nature of these products, with a low water activity, inherently inhibits microbial growth, creating an unfavorable environment for microorganisms. Manufacturing processes incorporate strict measures to prevent contamination, ensuring a low bioburden. While complete absence of microbial presence cannot be guaranteed, Ontex asserts product safety based on comprehensive evidence and rigorous quality assurance practices.

Skin health

Absorbing hygiene products aim to address skin health concerns. Diaper rash, often caused by skin irritation from moisture, can result from various factors, including contact with proteins in stool, changes in skin pH, and secondary bacterial or yeast infections. Feminine hygiene products consider warmth and wetness as potential causes of irritation during menstruation. Ontex continuously explores methods to enhance product performance, reduce fluctuations, and increase comfort for the end-consumer.

Post-market analysis and customer complaints are interconnected aspects of product monitoring, offering insights into a product's performance after release. Both involve systematic reviews to identify issues and trends, contributing to continuous improvement. Customer complaints serve as real-time indicators of problems experienced by end-users, guiding corrective actions. Regulatory compliance (medical device regulation) also mandates post-market analysis to ensure ongoing adherence to safety standards. Ultimately, addressing complaints and conducting post-market analyses contribute to customer satisfaction, loyalty, and the overall enhancement of product quality.

Improved product quality of disposable diapers has resulted in a strong decrease in the frequency of diaper dermatitis in recent years and has played a significant role in the improvement of skin conditions.

Compliance with product regulations

In keeping pace with dynamic regulatory landscapes, we actively engage in industry dialogues facilitated by prominent associations such as EDANA, BAHP, Group'Hygiène, and AHPMA UK. This proactive involvement allows us to align our practices with evolving regulatory requirements, ensuring that our hygiene products meet the highest standards of safety and compliance.

Over the past year, we also strengthened our internal governance structure to deal with regulatory compliance. Software tools were added to keep track of the latest country-specific regulatory changes affecting any of our product categories.

Supplier compliance

Our commitment to product safety is intrinsically linked to our rigorous supplier compliance program, through which we establish and maintain solid criteria for materials sourcing and production processes. Our comprehensive approach includes regular audits and a robust verification process to ensure that every supplier adheres to our high standards for quality, safety, and sustainability. This integrated strategy guarantees that from the initial sourcing of raw materials to the final product in the hands of consumers, every step of our supply chain contributes to the delivery of safe, reliable, and high-quality products, hence reinforce our commitment to safeguarding the health and well-being of our customers worldwide.

11.4. OUTCOME

Ontex sets targets related to managing negative impacts by conducting exposure-based risk assessments and advancing positive impacts through adherence to safety benchmarks. Targets also focus on managing risks and opportunities, ensuring alignment with evolving regulatory requirements.

Some targets are linked to trace chemicals. As previously described, Ontex wants its raw materials to be compliant with the requirements of Oekotex 100 and the EDANA Stewardship Programme.

From a quality point of view, the overall Ontex customer and consumer quality complaint level in parts per million (ppm) for 2023 reduced by 7% compared with 2022.

In 2023, the Ontex supplier audit team carried out 53 audits. Additionally, Ontex actively supports the voluntary QAP (Quality and Audit Programme) from EDANA (European Diaper and Nonwoven Association), which is becoming more and more popular within the industry globally.

The cost of non-quality in 2023 has reduced by 12.2% compared with 2022. Irritation complaints for Europe – EMEAA count for 4% of the total number of complaints.

12. METHODOLOGICAL NOTES

12.1. DOUBLE MATERIALITY PROCESS & SCORING IN DETAIL

We followed a five-step process to conduct the double materiality assessment.

Step 1: Identification of material topics

The first step when analyzing materiality is to identify a broad universe of sustainability issues that could potentially be significant for Ontex. This is essential to minimize the risk of overlooking any emerging issues and to guarantee a thorough and credible analysis.

We therefore used our 2021 materiality analysis as a starting point. The issues considered for that analysis have been updated through desk research that considered the nature of our company, value chain, stakeholders and the impacted audiences. The following sources were used for that analysis:

- **Benchmark**: materiality matrices of our key customers & competitors
- **Non-financial or sustainability reporting standards**: GRI, CDP & CSRD
- Different sustainability-related **studies**: IPCC Sixth Assessment Report, Global Risk Report WEF, LCA AHP published by Defra, IPBES Global Assessment Report on Biodiversity and Ecosystem Services, etc.
- Outcome of our **2023 Climate Scenario Assessment**

After identifying the long list of potential material topics, we asked key internal stakeholders to score these topics. Topics with the lowest impact were not given further consideration.

Table 18: Overview potential material topics and definitions

Material topics	Definition
Sustainable products & packaging	Addressing impacts and dependencies on ecosystem services while implementing the Reduce, Reuse, Recycle model to manage resources efficiently. Minimizing resource outflows and end-of-life waste while optimizing resource inflows for sustainable operations.
Production waste management	Effectively handling and minimizing waste generated throughout the production process.
Carbon emissions	Managing climate change impacts and risks through adaptation, mitigation via CO2 scope 1-2-3 emissions reduction, optimizing energy consumption, and transitioning to sustainable energy sources.
Nature & biodiversity	Managing biodiversity impacts, risk and opportunities by measuring impact drivers of biodiversity loss (climate change, pollution, land use, direct exploitation, alien species), including impacts on ecosystems, animal welfare (animal well-being and policies), species state, and forestry and cotton practices.
Water	Addressing habitat degradation and the intensity of pressure on marine resources, implementing measures for water conservation, minimizing water consumption, responsibly managing water discharges in water bodies and oceans, and optimizing water use through sustainable water withdrawals, ensuring the preservation of aquatic ecosystems and promoting responsible water stewardship.
Addressing societal issues & local development	Addressing societal issues and promoting local development by addressing health and ensuring access to affordable products, which in turn can have a significant local impact.
Consumer safety and end-users information	Addressing consumer safety and providing comprehensive information for consumers and/or end-users, ensuring their personal safety and promoting social inclusion. Additionally, addressing consumer behavior by empowering individuals to make informed choices.
Diversity, Equity & Inclusion	Addressing diversity, equity, and inclusion entails promoting gender equality and ensuring equal pay for work of equal value, fostering employment and inclusion of persons with disabilities, implementing measures to combat violence and harassment in the workplace.
Human rights (in own workforce/value chain)	Addressing human rights within its own workforce and value chain involves prioritizing H&S risk prevention and management, addressing incidents promptly, eradicating child labour, eliminating forced labour and modern slavery, upholding freedom of association and collective bargaining rights, fostering social dialogue, ensuring adequate wages, respecting other work-related rights, and promoting working hours and work-life balance for employees.
Training & Education	Training and education involves prioritizing talent development to enhance skills, knowledge, and capabilities within individuals and organizations.
Business ethics & compliance	Addressing business ethics and compliance encompasses fostering and disclosing a strong corporate culture that values integrity, managing relationships with suppliers ethically, including fair payment practices, protecting whistle-blowers, combating bribery and corruption, and upholding high standards of ethics and compliance throughout the organization.
Advocacy	Advocacy involves engaging in efforts to address deforestation through promotion & support of appropriate directives, navigating lobbying and political relations to advance environmental causes. It also includes promoting eco-design directives and sustainable practices in packaging to reduce waste and foster a circular economy.
Transparency	Transparency entails making appropriate disclosures to foster trust between the company and its stakeholders and engaging in responsible marketing practices to provide accurate information.

Step 2: Scoring together with our stakeholders

We asked internal and external stakeholders to share their perception of the potential material issues. The following stakeholders were included: investment funds, shareholders, consultants, non-governmental organizations, academics, industry associations, raw material suppliers, Ontex employees, customers, consumers and end-of-life operators.

To score and prioritize the potential material topics we used a two-fold approach:

1. **Online survey:** We asked our identified stakeholders to assess and weigh for each of the material topics their impact on the environment & society and their impact on Ontex's value. The outcome of this survey was a first assessment of the magnitude of the impacts, risks & opportunities, ranging from 'extremely negative' to 'extremely positive'.
2. **Interviews:** To assess the scale, scope, likelihood, remediability and actual or potential impacts & likelihood & magnitude of financial impacts we asked internal experts to score the topics. To the extent we did not have access to the necessary competence internally, we asked external experts within our value chain.
   Outcome: A first draft materiality matrix.

***Scoring** methodology*

Impact materiality
Impact materiality was scored on three dimensions:

Scope (How widespread is our impact?)	
5	Global/total
4	Widespread (value chain)
3	Medium
2	Concentrated to Ontex
1	Limited or no

Remediability (How hard is it to counteract or correct harm done?)	
5	Not remediable/reversible
4	Very servere or long-term
3	Difficult or medium-term
2	With effort (time & cost)
1	Easily remediable or short-term

Scale (How significant is our impact?)	
5	Huge
4	High
3	Medium
2	Low
1	No impact

Financial materiality

Financial materiality was scored on 2 dimensions, which are aligned with the scoring used for the Enterprise Risk Management exercise (see Risk section of this report).

Likelihood	Rating	Guidance
5	Frequent	The likelihood of this event occurring is very high. It's a common occurrence, and it's expected to happen regularly.
4	Probable	This event is likely to occur. It has happened before and is expected to happen again in similar circumstances.
3	Possible	There is a moderate chance that this event may occur. It's not rare, but it's not a common or expected scenario.
2	Unlikely	The chance of this event occurring is very small. It may have happened rarely in the past, but it's not expected to occur in the foreseeable future.
1	Rare	This event is highly unlikely to occur, almost impossible. Historical data and expert analysis suggest that the probability of this event happening is extremely low.

Impact / Magnitude	Rating	EBITDA	Stakeholders	Reputation
5	Destructive	>20% EBITDA	Serious impact on top stakeholders	International attention or multiple national attention
4	Critical	15-20% EBITDA	Formal complaint from one or more top stakeholders	Attention within sector on global level
3	Serious	9-15% EBITDA	Formal complaint from one or more stakeholders	Attention within sectior on country level
2	Minimal	2-9% EBITDA	Informal complaint stakeholders	Limited media attention (eg via questions website)
1	Neglegible	<2% EBITDA	No consequences for stakeholders	No public attention

Step 3: Value chain mapping

Ontex's key impacts across the value chain are mapped against the potential material topics as defined in step 2.

Table 19: Material topics in our value chain

Material topics	Farmers	Suppliers raw materials	Inbound logistics	Ontex	Outbound logistics	Customers	Consumers
Sustainable products & packaging		High		High		High	High
Production waste management		Low		Low			
Carbon emissions		High	Medium	Low	Low		Medium
Nature & biodiversity	Low	Low					
Water	Low	Medium					
Addressing societal issues & local development							Medium
Consumer safety and end-users information						Medium	
Diversity, Equity & Inclusion		Low		Low		Low	
Human rights (in own workforce/value chain)	High	High	High	High	High	High	
Training & Education				Low		Low	
Business ethics & compliance		Medium		Medium		Medium	
Advocacy				Low			
Transparency				Medium		Medium	Medium

Estimated impact	
●	High
●	Medium
●	Low

Step 4: Leadership engagement to finetune the outcome of the materiality scoring

At this stage, we presented and cross-checked the results we obtained in step 2 & 3 with our Executive Management Team & organized a workshop with 2 Board members on the topic.

The aim for both sessions was the same: Getting insights from our company leaders and enabling a deeper understanding of the outputs and impacts on the business, ultimately resulting in a more comprehensive and valuable assessment with actionable results.

Based upon the feedback received during both sessions, the initial scoring from step 2 has been slightly adapted and a final materiality matrix produced.

Step 5: Oversight and validation of the materiality process

The materiality matrix has been validated by our Board of Directors, after a positive recommendation of our Audit & Risk Committee in December 2023.

12.2. 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.

Scope 1-2 GHG emissions

Ontex reports its absolute scopes 1 and 2 emissions according to Greenhouse Gas Protocol methodology. The emissions reported are covering manufacturing sites of Ontex, excluding the plant in Puebla (Mexico) due to divestment in 2023 and the plant located in Noginsk (Russia) due to the geopolitical context. 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[8] and the location based[9].

Greenhouse Gas emissions intensity is calculated using the total from scope 1 and scope 2 (in tCO_2e) market-based emissions divided by the total revenues of Ontex (in euros).

$$\text{GHG emissions intensity } (tCO2/€) = (\text{Scope } 1 + \text{scope } 2)/\text{Total revenues}$$

PwC has provided ISAE 3000 limited assurance on selected environmental data of 2023.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.

Scope 3 GHG emissions

Ontex reports scope 3 emissions according to the according to Greenhouse Gas Protocol methodology and using the operation control approach[10]. The scope 3 emissions are covering the following categories: purchased goods and services, upstream distribution, capital goods, business travel, fuel and energy related activities[11], waste in operation , downstream transportation and the end-of-life treatment of sold products.

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 impact related to the use phase of our products.

The conversion from primary data to ton CO2-equivalent is done using supplier specific emission factors or when not available emission factors published by Ecoinvent, the GLEC[12], 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.

Note: the emissions reported are covering manufacturing sites and activities of Ontex, excluding the plant in Puebla (Mexico) due to divestment in 2023 and the plant located in Noginsk (Russia) due to the geopolitical context

8 “A market-based method reflects emissions from electricity that companies have purposefully chosen”, GHG Protocol Scope 2 Guidance

9 “A location-based method reflects the average emissions intensity of grids on which energy consumption occurs”, GHG Protocol Scope 2 Guidance

10 “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

11 Not included in scope 1 or scope 2

12 Smart Freight Centre. Global Logistics Emissions Council Framework for Logistics Emissions Accounting and Reporting. (2019). ISBN 978-90-82-68790-3.

12.3. WASTE GENERATED

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.

The intensity ratio for waste is the ratio between the total quantity of waste produced (in kg) and the total amount of pieces produced over the reporting period.

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.

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 too. 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. Waste with treatment codes R12 and R13 are assumed to be recycled.

The waste generated are covering all manufacturing sites of Ontex, excluding the plant in Puebla (Mexico) due to divestment in 2023.

12.4. SOCIAL STATEMENTS

We extract workforce data (except Absenteeism) from our core HR system, called Ontex 4 You, and include data from all our locations which were operational by the end of 2023. All the workforce data is expressed in FTE’s as of 31/12/2023. Absenteeism, social dialogue and talent development data is a compilation of the data collected from different local sources. The data in this table can vary from the data mentioned in the statutory report due to different calculations methodologies.

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 31/12/2023 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.

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.

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 collar employees are working in our plants as part of the production, warehouse, and maintenance.

Inclusive diversity. We use various metrics in the Inclusive diversity category to show different dimensions of our workforce diversity. 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.

Turnover rate (%). Calculated as the sum of terminations over the total number of active employees at the beginning of the period (January 2023). 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, and retirements.

Involuntary turnover rate (%). Number of employees with involuntary terminations in the current year/Number of Actives employees at the beginning of the current year (January 2023).

Voluntary turnover rate (%). Number of employees with voluntary terminations in the current year/Number of Actives employees at the beginning of the current year (January 2023).

Retirement rate (%). Number of employees with involuntary terminations in the current year/Number of Actives employees at the beginning of the current year (January 2023).

Absenteeism. It 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.

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.

12.5. OCCUPATIONAL HEALTH & SAFETY

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 (commuting 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.

The Lost Work Day Case is an occupational accident which results in a person being unfit for work on any day after the day of occurrence of the occupational injury.

To measure the progress, we use two indicators: the Lost Work Day Case frequency rate & severity rate.

Definitions

Lost Work Day Case - Frequency rate

The Lost Work Day Case frequency rate expresses the number of Lost Work Day Case 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 Lost Work Day Case x 1.000.000 / total worked hours.

Lost Work Day Case **-** 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.

12.6. LOCAL COMMUNITY INITIATIVE

Local societal actions refer 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.

12.7. WORKERS IN THE VALUE CHAIN

Ontex’s methodology for the identification of countries considered at risk has been redefined, based on external sources of information such as the Fragile States Index, Global Freedom Status, Amnesty International, Global Rights Index, and Human Rights Watch. To enhance accuracy and ensure consistency in the information, raw data has been extracted from a different source than last reporting.

13. 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 proportion of the turnover, capital expenditure and operating expenditure ('key performance indicators') of their activities related to assets or processes associated with environmentally sustainable economic activities ('Taxonomy-aligned activities'), and the proportion of their capital expenditure and their operating expenditure related to assets.

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 2023, 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 2023. Our view is that our core economic activities related to producing and selling personal hygiene products are not covered by the Delegated Regulations and consequently are not currently considered for Taxonomy purposes.

ACCOUNTING POLICIES

We determine the Taxonomy 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 2023.

With regard to the numerator, we have not identified any Taxonomy-eligible activities as explained above.

Reconciliation

Our consolidated revenue can be reconciled with our consolidated financial statements, i.e. the consolidated income statement in the consolidated financial statements 2023.

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 2023.

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 OF THE FIGURES

The amounts used for the calculation of the turnover, Capex and Opex ratios are based on the reported data in the consolidated financial statements. As none of our revenue-generating activities are currently described in the Delegated Regulations, our EU Taxonomy-eligible turnover for 2023 is zero. For the same reason, we do not report any Capex related to assets or processes associated with taxonomy-aligned economic activities or Capex that is part of a plan to expand taxonomy-aligned economic activities. Consequently, we only report Capex and Opex resulting from innovations and the acquisition of products classified as taxonomy-eligible economic activities (and are not directly related to our turnover-generating activities). As these activities are not tied directly to our core revenue-generating activities, our current Taxonomy-eligible Capex and Opex ratios are by year-end 2023 approximately 8% and 3% respectively.

Table 20: Proportion of Taxonomy-eligible economic activities in total turnover (%)

				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')									
Economic Activities	**Code(s)**	**Turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of turnover, year 2022**	**Category enabling activity**	**Category transitional activity**
		Mio€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%									E	
Of which transitional		0	0%	0%	0%	0%	0%	0%	0%										T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	0%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		-	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		2,341.5 m€	100%														100%		
TOTAL (A+B)		2,341.5 m€	100%														100%		

Table 21: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities in 2023

				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')									
Economic Activities	**Code(s)**	**CapEx (€M)**	**Proportion of CapEx**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Taxonomy-aligned proportion of CapEx, year 2022**	**Category enabling activity**	**Category transitional activity**
		mio€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0 m€	0%	0 %	0%	0%	0%	0%	0%								0%		
Of which enabling		0	0%	0 %	0%	0%	0%	0%	0%									E	
Of which transitional		0	0%	0 %	0%	0%	0%	0%	0%										T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Installation, maintenance, repair of energy efficiency equipment	CCM 7.3	7.5 m€	8%	N	N/EL	N/EL	N/EL	N/EL	N/EL								NA		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	0.2 m€	0%	N/EL	N/EL	N/EL	N	N/EL	N/EL								NA		
Total (A.1 + A.2)		7.7 m€	8%														NA		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		88.8 m€	92%														100%		
TOTAL (A+B)		96.5 m€	100 %														100%		

Table 22: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Economic Activities (1)	Code(s)	OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria ('Does not significantly harm'): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Category enabling activity	Category transitional activity
		Mio€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0 m€	0%	0 %	0%	0%	0%	0%	0%	0%							0%		
Of which enabling		0	0%	0 %	0%	0%	0%	0%	0%									E	
Of which transitional		0	0%	0 %	0%	0%	0%	0%	0%										T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation using concentrated solar power technology	CCM 4.2	1.3 m€	1%	N	N/EL	N/EL	N/EL	N/EL	N/EL								NA		
Close to market research, development and innovation	CCM 9.1	3 m€	2.3%	N	N/EL	N/EL	N/EL	N/EL	N/EL								NA		
Total (A.1 + A.2)		4.3 m€	3.3%														0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		126.1 m€	96,7%														100%		
TOTAL (A+B)		130.4 m€	100%														100%		

14. INDEPENDENT LIMITED ASSURANCE REPORT ON A SELECTION OF SUSTAINABILITY KPIS IN THE INTEGRATED ANNUAL REPORT 2023 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 1 February 2024 (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 2023 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 2023 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 2023 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 the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (IESBA Code) together with the legal Belgian requirements in respect of the 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 organising the audit profession and its public oversight of registered auditors, and with Art. 3:62, 3:63 and 3:64 and 3:65 of the Companies' and Associations' Code.

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 2023 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 2023 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.

Ghent, 28 March 2024

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL

Represented by

Lien Winne*

Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Lien Winne BV

APPENDIX – SUBJECT MATTER INFORMATION

In the “Sustainability/ Non-financial statements” chapter “6.1 Consolidation environmental figures”:

On page 199:

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 206:

total production waste [ton]

recycling index [%]

Waste diverted from disposal [ton]

Waste directed to disposal [ton]

15. GRI CONTENT INDEX

Statement of use	Ontex has reported in accordance with the GRI Standards for the period 1 January 2023 – 31 December 2023.
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 'Ontex. Here for you.'			
	2-2 Entities included in the organization's sustainability reporting	Sustainability statements 1. General information			
	2-3 Reporting period, frequency and contact point	Sustainability statements 1.General information			
	2-4 Restatements of information	Sustainability statements 1.General information			
	2-5 External assurance	Sustainability statements 14. Onafhankelijk beperkt auditverslag			
	2-6 Activities, value chain and other business relationships	Strategic report 'Our categories' Sustainability statements 10. Our value chain			
	2-7 Employees	Sustainability statements 9. Our workforce			
	2-8 Workers who are not employees	Sustainability statements 9. Our workforce			
	2-9 Governance structure and composition	Corporate Governance Statement 'Board and Executive Management' Sustainability statements 2. Governance ESG			
	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 'Board Composition'			
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability statements 2. Governance ESG			
	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. Governance ESG			
	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 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: Require-ment(s) omitted	Omission: Reason	Omission: 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 3. Sustainability Strategy 2030			
	2-23 Policy commitments	Sustainability statements 2.ESG Governance			
	2-24 Embedding policy commitments	Sustainability statements 2. ESG Governance			
	2-25 Processes to remediate negative impacts	Sustainability statements 2. ESG Governance			
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability statements 2. ESG Governance			
	2-27 Compliance with laws and regulations	Financial statements 7.21 Provisions & 7.29 Contingencies			
	2-28 Membership associations	Sustainability statements 4. Stakeholder engagement			
	2-29 Approach to stakeholder engagement	Sustainability statements 4. Stakeholder engagement			
	2-30 Collective bargaining agreements	Sustainability statements 9. Own workforce			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability statements 5. Double materiality assessment			
	3-2 List of material topics	Sustainability statements 5. Double materiality assessment			
INDIRECT ECONOMIC IMPACTS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 9. Own workforce - Local community initiatives			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainability statements 9. Own workforce - Local community initiatives			
	203-2 Significant indirect economic impacts	Sustainability statements 9. Own workforce - Local community initiatives			
ANTI-CORRUPTION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 2. Governance ESG			
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. Governance ESG			
	205-3 Confirmed incidents of corruption and actions taken	-			

GRI Standard/ other source	Disclosure	Location	Require-ment(s) omitted	Omission Reason	Omission Explanation
ANTI-COMPETITIVE BEHAVIOR					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 2. Governance ESG			
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 7. Resource use & circular economy			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability statements 7. Resource use & circular economy			
	301-2 Recycled input materials used	Sustainability statements 7. Resource use & circular economy			
	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	Reason	Explanation
EMISSIONS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 6. Climate change			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability statements 6. Climate change			
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability statements 6. Climate change			
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability statements 6. Climate change			
	305-4 GHG emissions intensity	Sustainability statements 6. Climate change			
	305-5 Reduction of GHG emissions	Sustainability statements 6. Climate change			
	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 7. Resource use & circular economy			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Sustainability statements 7. Resource use & circular economy			
	306-2 Management of significant waste-related impacts	Sustainability statements 7. Resource use & circular economy			
	306-3 Waste generated	Sustainability statements 7. Resource use & circular economy			
	306-4 Waste diverted from disposal	Sustainability statements 7. Resource use & circular economy			
	306-5 Waste directed to disposal	Sustainability statements 7. Resource use & circular economy			
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 10. Workers in the value chain			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainability statements 10. Workers in the value chain			
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability statements 10. Workers in the value chain			

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 9. Our workforce			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability statements 9. Our workforce			
	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	-	401-3		Information unavailable/ incomplete
OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 9. Our workforce			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability statements 9. Our workforce			
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability statements 9. Our workforce			
	403-3 Occupational health services	-	403-3		Information unavailable/ incomplete
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability statements 9. Our workforce			
	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 9. Our workforce			
	403-8 Workers covered by an occupational health and safety management system	Sustainability statements 9. Our workforce			
	403-9 Work-related injuries	Sustainability statements 9. Our workforce			
	403-10 Work-related ill health	-	403-10		Information unavailable/ incomplete

GRI Standard/ other source	Disclosure	Location	Omission: Require-ment(s) omitted	Omission: Reason	Omission: Explanation
TRAINING AND EDUCATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 9. Our workforce			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability statements 9. Our workforce			
	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 9. Our workforce			
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 9. Our workforce			
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 10. Workers in the value chain			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability statements 10. Workers in the value chain			
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability statements 10. Workers in the value chain			
CUSTOMER HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability statements 11. Consumer safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability statements 11. Consumer safety			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability statements 11. Consumer safety			

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.
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 before financing	Free Cash Flow before financing 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 (after financing)	Free cash flow (after financing) is defined as free cash flow before financing, less financing cash flows, i.e. Interests paid and received, and other financing cash flows (Cost of refinancing & other costs of financing, realized foreign exchange (losses)/gains on financing activities and Derivative financial assets).
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) adjusted for the scope at the end of the period.
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 2, 2024.

THIS REPORT CONTAINS FINANCIAL AND NON-FINANCIAL INFORMATION FOR THE PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2023, UNLESS OTHERWISE SPECIFIED. IT ENCOMPASSES OUR OPERATIONS IN 20 COUNTRIES ON FIVE CONTINENTS AS WELL AS OUR HEADQUARTERS IN AALST, BELGIUM, WHICH TOGETHER EMPLOY ~7,500 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.

Financial Calendar 2024	Date
Q1 2024	May 3, 2024
Annual General Meeting of Shareholders	May 3, 2024
Q2 & H1 2024	July 31, 2024
Q3 2024	October 24, 2024
Q4 & FY 2024	February 12, 2025

CONTACT DETAILS

Investors

Geoffroy Raskin +32 53 333 730
investor.relations@ontexglobal.com

Press

Maarten Verbanck + 32 53 33 36 20
corporate.communications@ontexglobal.com

Sustainability

Elise Barbé +32 53 333 756
elise.barbe@ontexglobal.com

Send us your feedback: https://ontex.com/contact or corporate.communications@ontexglobal.com

Ontex Group NV
Korte Keppestraat 21 - 9320 Aalst - Belgium
https://ontex.com

Here for you.