Press release
Regulated information
July 28, 2023– 07:00 CET

Ontex H1 results: Strong execution results in continued improvement of margin and leverage, leading to full year outlook raise to high end of guidance

→ 15% LFL revenue growth, driven by pricing and mix;

→ Adj. EBITDA more than doubling driven by structural cost savings and mix;
Pricing offset inflation and forex headwinds;
Adj. EBITDA margin for Core Markets at 9.4% in H1, improving sequentially for four consecutive quarters to 9.7% in Q2;

→ Net financial debt reduced by 24%, with Mexican divestment proceeds;
Leverage ratio reduced by close to 2 points to 4.5 times, benefitting from adjusted EBITDA increase;

→ Adjusted EBITDA outlook for Core Markets expected in high end of the 8-10% range for full year, and leverage below 3.75x by year end.

H1 2023 results

→ **Revenue** [1] was €892 million, a 15% like for like improvement year on year, driven by double digit price increases across all categories. While volumes were solidly stable in a softer market, with growth in Europe offsetting customer destocking in North America, the mix improved with growth in selected categories. Including adverse forex, revenue was up 14% year on year.

→ **Adjusted EBITDA** [1] was €84 million, 2.1 times the EBITDA of H1 2022, uplifted by the mix improvement and continuous structural cost savings that reduced the operating cost base by 5%. Pricing offset the additional input cost inflation and adverse forex headwinds, but has not been sufficient to cover the total cumulative cost inflation incurred since 2021. **Adjusted EBITDA margin** rose to 9.4%, up 4.3pp year on year. **Operating profit** was €36 million, compared to a loss of €(84) million a year ago, including €(11) million restructuring costs.

→ **Profit for the period** stood at a €(19) million loss, compared to €(171) million in H1 2022. The €2 million positive contribution from continuing operations was offset by the €(21) million loss in discontinued operations. While these generated a significantly improved adjusted EBITDA of €23 million, 2.3 times better year on year, they also incurred €(26) million of divestment-related costs and impairments.

→ **Free cash flow** was €4 million, compared to €(59) million in H1 2022, with EBITDA growth financing investments in the growing business, i.e. capex of €44 million, as well as restructuring efforts and inflation-driven working capital needs.

→ **Net financial debt** reduced by 24% over the period to €658 million, including the proceeds from the Mexican divestment. The adjusted EBITDA improvement brought the leverage ratio further down to 4.5 times, from 6.4 times at the start of the year.

Q2 2023 results

→ **Revenue** [1] was €446 million, up 15% like for like versus Q2 2022, driven by double digit price increases, including additional sequential pricing in the quarter. Volumes were up primarily in selected product categories. Including adverse forex, revenue was up 13% year on year.

→ **Adjusted EBITDA** [1] was €43 million, up 129% year on year. Pricing offset the additional input cost inflation in the quarter versus a year ago and the adverse forex. Operating cost reduction measures delivered strong results, reducing the operational cost base by close to 6%. **Adjusted EBITDA margin** rose to 9.7%, up 4.9pp year on year and 0.6pp quarter on quarter. **Operating profit** was €19 million, compared to €(85) million a year ago, including restructuring costs.

[1] Reported P&L figures, represent continuing operations, i.e. Core Markets, only. As from 2022, Emerging Markets, representing about 30% of revenue, are reported as assets held for sale and discontinued operations, following the strategic decision to divest these businesses.

Unless otherwise indicated, all comments in this document on changes are on a year-on-year basis and for revenue specifically on a like-for-like (LFL) basis (at constant currencies and scope and excluding hyperinflation effects). Definitions of Alternative Performance Measures (APMs) can be found further in the document.

2023 Outlook

While the macro-economic environment remains uncertain, Ontex delivered strong results in the first half of the year and thereby raises its full year 2023 outlook within its previously provided guidance range, expecting:

- → **Revenue** of Core Markets, to grow by high single-digit, consolidating the improvement realized in 2022 and further balancing the portfolio;
- → **Adjusted EBITDA margin** for Core Markets in the high end of its previously iterated range of 8% to 10%;
- → **Discontinued operations** (Emerging Markets) to further contribute positively to adjusted EBITDA and free cash flow;
- → **Leverage** to reduce by year end to less than 3.75x, with improving profitability and cash flow discipline remaining a focus.

CEO quote

Gustavo Calvo Paz, Ontex's CEO, said: "*Four quarters of sequential EBITDA recovery, driven by relentless delivery of cost reduction measures and disciplined pricing to recover cost inflation, is pleasing and highlights the potential of our business. On strategy and balance sheet, progress on the portfolio refocus resulted in reduced debt, and the EBITDA increase in improved leverage. Combined with the extension of bank financing maturities, it results in a healthier balance sheet. I would like to recognize Ontex's employees for embracing the accelerated execution of our strategic plans, and other stakeholders for their support and belief in Ontex's turnaround. These early successes are a great inspiration to all of us to continue this journey to bring Ontex back to a leading position as preferred partner in retail and healthcare personal care.*"

Key Q2 & H1 2023 financials

Key indicators

Key indicators in € million	Second Quarter 2023	 2022	 %	 % LFL	First Half 2023	 2022	 %	 % LFL
Core Markets (continuing operations)								
Revenue	445.9	395.9	*+13%*	*+15%*	891.8	780.6	*+14%*	*+15%*
Baby Care	201.5	178.0	+13%	*+15%*	396.6	354.4	+12%	*+12%*
Adult Care	176.9	156.6	+13%	*+16%*	359.9	305.7	+18%	*+19%*
Feminine Care	61.7	52.7	+17%	*+18%*	123.0	105.3	+17%	*+17%*
Adj. EBITDA	43.2	18.8	+129%		83.8	39.7	+111%	
Adj. EBITDA margin	*9.7%*	*4.8%*	*+4.9pp*		*9.4%*	*5.1%*	*+4.3pp*	
Operating profit/(loss)	18.6	(85.5)	-122%		35.6	(84.5)	-142%	
Emerging Markets (discontinued operations) [1]								
Revenue	131.3	202.4	-35%	*+13%*	337.1	371.1	-9%	*+15%*
Adj. EBITDA	7.8	5.9	+30%		22.8	9.7	+135%	
Adj. EBITDA margin	*5.9%*	*2.9%*	*+3.0pp*		*6.7%*	*2.6%*	*+4.1pp*	
Operating profit/(loss)	(15.2)	(62.2)	-76%		(2.8)	(59.3)	-95%	
Total Group [1]								
Revenue	577.3	598.3	*-4%*	*+14%*	1,228.9	1,151.7	*+7%*	*+15%*
Adj. EBITDA	50.9	24.8	*+106%*		106.6	49.4	*+116%*	
Adj. EBITDA margin	*8.8%*	*4.1%*	*+4.7pp*		*8.7%*	*4.3%*	*+4.4pp*	
Operating profit/(loss)	3.4	(147.7)	-102%		32.8	(143.8)	-123%	

Key financials in € million	First Half 2023	 2022	 %
Core Markets (continuing operations)			
Adjusted profit/(loss) for the period	12.2	(11.2)	+209%
Adjusted EPS (in €)	0.15	(0.14)	+209%
Profit/(Loss) for the period	2.1	(99.7)	+102%
Basic EPS (in €)	0.03	(1.23)	+102%
Total Group [1]			
Profit/(Loss) for the period	(19.2)	(171.4)	+89%
Basic EPS (in €)	(0.24)	(2.12)	+89%
Capex	(44.4)	(27.0)	-64%
Free Cash Flow	4.3	(58.9)	+107%
Net financial debt [2]	657.9	867.4	-24%
Leverage ratio [2]	*4.5x*	*6.4x*	*(1.9x)*

[1] Emerging Markets and Total Group year-on-year comparison is affected by the divestment of the Mexican business activities as of May. The LFL comparison is corrected for the scope reduction.

[2] Balance sheet data are compared to start of the period, i.e. June 2023 versus December 2022.

Core Markets (continuing operations) year-on-year evolution

Revenue in € million	2022	Volume/ mix	Price	2023 LFL	Forex	2023
Second Quarter	395.9	+7.3	+51.1	454.3	-8.4	445.9
First Half	780.6	+6.8	+109.4	896.7	-4.9	891.8

Adj. EBITDA in € million	2022	Volume/ mix/price	Raw materials	Operating costs	Operating savings	SG&A/ Other	Forex	2023
Second Quarter	18.8	+53.6	-31.2	-6.5	+19.6	-0.6	-10.6	43.2
First Half	39.7	+116.4	-69.6	-23.7	+35.2	-1.8	-12.4	83.8

H1 2023 business review of continuing operations

Revenue of Core Markets

Revenue was €892 million, up 15% like for like versus the first half of 2022, driven by double digit price increases across all businesses. In baby care revenue grew 12% like for like compared to last year, driven by continued volume growth of baby pants in Europe. In adult care revenue growth was 19% like for like, with strong growth especially in the healthcare channel. Feminine care revenue grew 17% like for like. Including adverse forex, total revenue growth was up 14% year on year.

Volume and mix changes were positive, adding 1%. Except in adult care, the overall demand in Europe is down, but retailer brands gain share, however, resulting in an overall flat evolution. Ontex outperformed in all categories in Europe. Ontex's volumes in North America were lower year on year. Destocking by certain lifestyle customers impacted volumes and mix, especially in the first quarter.

Prices were up 14% on average versus last year, with double digit price increases in all categories and major regions. Following the huge increase in raw material and other input costs, Ontex steadily rolled out price increases over the course of 2022 to mitigate the impact. While the majority of the year-on-year price increase is the effect of this, Ontex continued to execute additional pricing in the year to recover cumulative cost inflation.

Forex fluctuations had a negative impact of -1%. The year-on-year depreciation of the British pound and Australian dollar offset the appreciation of the US dollar.

Adjusted EBITDA of Core Markets

Adjusted EBITDA was €84 million, up 111% year on year and entirely driven by the relentless cost reduction efforts and the volume and mix improvement. Pricing offset the additional input cost inflation and adverse forex headwinds. The adjusted EBITDA margin rose to 9.4%, up 4.3pp year on year.

While the **volume and mix** effect on revenue was limited, the operating leverage and improvement of the product mix, had a €7 million positive impact on the EBITDA.

Operating cost reduction measures represented €35 million in savings, a reduction of the operational cost base by some 5%. Procurement initiatives and operational efficiency were the main drivers behind the improvement. SG&A costs were kept at 9% of sales, despite additional inflation.

Cost inflation weighed heavily on the year-on-year comparison, with a negative impact of €70 million from raw materials, especially fluff and super-absorbent-polymers, and €24 million from other operating costs, including wage inflation. Although the year-on-year increase is slowing, the total cost base went up by close to 15% versus the first half of 2022, following the further increase in the second half and certain contract renewals at the start of this year.

The strong **pricing** contributed €109 million year on year. While this more than offset the additional input cost inflation versus the previous year, it is not sufficient to compensate the cumulative cost increase incurred since the start of the inflation wave in 2021. Thereby continued adjustments including selective pricing are required.

Forex fluctuations had a €(12) million net negative impact as the adverse impact on revenue was exacerbated by the year-on-year US dollar appreciation effect on input costs.

Q2 business review of continuing operations

Revenue of Core Markets

Revenue was €446 million, up 15% like for like versus the second quarter of 2022, driven by pricing across categories. In baby care revenue grew 15% like for like compared to last year, supported by baby pants and better sales in open diapers in Europe. In adult care revenue growth was 16% like for like, based on solid demand across product groups, both in healthcare and in retail channels. Feminine care revenue grew 18% like for like, with volume growth in tampons. Including adverse forex, the total revenue growth was up 13% year on year, and in line with the first quarter.

Volume and mix had a 2% positive net impact. In Europe overall market is declining, except in adult care. Retailer brands continued to gain share, resulting in a stable performance, and Ontex outperformed in all categories in Europe. Ontex's volumes in North America were lower in the quarter, due to continued destocking at certain lifestyle customers, but the effect is less pronounced than in the first quarter.

Prices were up 13% on average versus last year, with double digit price increases in all categories and major regions, following the huge increase in raw material and other input costs. While the majority of the pricing in the quarter is the effect of the pricing implemented in the previous quarters, Ontex continued to execute additional sequential pricing to recover cumulative cost inflation in the quarter. The year on year price increase is less pronounced than in the first quarter as the roll-out in 2022 was gradual throughout the year, and thereby includes already higher prices in the second quarter of 2022.

Forex fluctuations had a negative impact of -2%, as the British pound, the Australian dollar and especially the Russian ruble depreciated year on year in the period.

Adjusted EBITDA of Core Markets

Adjusted EBITDA was €43 million, up 129% year on year, driven by volume growth and especially strong delivery of cost reduction measures. Pricing offset the additional input cost inflation and the adverse forex. Compared to the first quarter the adjusted EBITDA was up 6%. The adjusted EBITDA margin rose to 9.7%, by 4.9pp year on year and 0.6pp quarter on quarter.

The **volume and mix** effect on EBITDA was €2 million and largely volume-driven.

Operating cost reduction measures represented €20 million in savings, a reduction of the operational cost base by close to 6%. Procurement initiatives, operational efficiency and scrap rate reductions were the main drivers behind the improvement. SG&A costs over sales were kept at 9% as in the first quarter.

Cost inflation weighed heavily on the year-on-year comparison, and increased with a negative impact of €31 million from raw materials, namely fluff and super-absorbent-polymers, and €7 million from other operating costs, including wage inflation. While, the year-on-year increase is slowing since the fourth quarter of 2022, the total cost base still increased by more than 10% year on year, and remained stable versus the first quarter.

The continued **pricing** efforts contributed €51 million year on year. While this more than offset the additional input cost inflation versus the previous year, it does not cover the cumulative cost increase incurred since the start of the inflation wave in 2021 in all markets and categories. Thereby continued adjustments including selective pricing are required.

Forex fluctuations had a €(11) million net negative impact due to the net negative effect on revenue, and the net exposure to the US dollar remained negative.

H1 2023 financial review

P&L

Depreciation was up 4% at €(36) million, reflecting the continued investments in growth.

EBITDA adjustments were made for €(13) million. These adjust primarily for €(11) million restructuring costs to further optimize the European cost structure. This compares to EBITDA adjustments made for of €(90) million in the first half of 2022, when significant non-cash impairments were taken on the Russian assets.

The **net finance cost** was €(25) million, €(3) million higher than in the first half of 2022, reflecting higher interest rates for the floating rate portion of the debt, which were partly offset by favorable currency effects.

The **income tax** was €(9) million, compared to a positive €7 million a year ago, when the earnings before taxes were negative. The deducted tax rate is relatively high as the geographical mix of earnings does not allow to recognize all local losses.

Discontinued operations generated a €(21) million loss for the period, compared to €(72) million a year ago. The adjusted EBITDA was €23 million, an improvement of 135%, with the Mexican business representing the majority in the four months it contributed prior to the finalization of its divestment. While the contribution from the remaining activities in Brazil and the Middle East was relatively lower, it represents a significant improvement from the losses incurred in 2022. Volumes were slightly down, compensated by mix improvement. EBITDA adjustments were made for €(26) million, adjusting mainly of a non-cash impairment of €(13) million on the Middle Eastern assets and €(11) million costs related to the divestment of the Mexican assets. Financial charges were €(8) million, slightly up year on year, due to higher interest rates, while taxes were €(10) million, doubling versus the year before, in line with higher profitability. Hyperinflation in Turkey impacted the results negatively by €(7) million.

The adjusted **profit** from continuing operations was €12 million, compared to a €(11) million loss in 2022, reflecting the adjusted EBITDA recovery, more than offsetting the higher financial and tax charges. Including restructuring costs and the contribution of discontinued operations, the loss for the period for the Total Group was €(19) million, compared to

€(171) million a year before, when the profitability was lower and significant non-cash impairments were taken in continuing and discontinued operations. Adjusted earnings per share of continuing operations were €0.15 compared to €(0.14) in 2022. Basic earnings per share of the Total Group were €(0.24), compared to €(2.12) in 2022.

Cash

Capital expenditure was €(44) million, representing 3.6% of the Total Group revenue, compared to 2.3% in the first half of 2022. Some 2/3rd of the investments relate to expansion in Europe and North America, as well as innovation and cost reduction measures across the Total Group. Whilst a strict capital management policy continues to be applied, a further increase in capex is anticipated in order to support Ontex's transformation plans. The increase in investment pace approaches the 4% normalized rate for Ontex.

Free cash flow was €4 million, compared to €(59) million in the first half of 2022. Cash generation from the strongly improved adjusted EBITDA, after deduction of €(12) million cash taxes, funded the increase in capex, as well as €(21) million working capital needs and €(14) million cash-out for restructuring and one-off legal costs.

Balance sheet

Working capital for the Total Group at the end of the period was €125 million, a €51 million decrease versus the end of 2022, largely linked to the exit of the Mexican business. Working capital needs in the remaining operations increased due to the impact of higher raw materials and finished good prices, and a slight increase in days of outstanding inventory. The working capital includes monetization of accounts receivables through factoring for €188 million, versus €192 million at the end of 2022.

Net financial debt of the Total Group was €658 million at the end of the period including lease liabilities of €129 million. The decrease from €867 million at the start of the year is entirely attributable to the divestment of the Mexican business activities early May, when €237 million proceeds were received from the acquirer, net of already paid transaction costs. The deferred proceeds of €40 million, which is still due within the next five years, were booked as non-current receivables. Cash-out for financing was €(33) million, consisting of €(26) million for net interest payments and €(7) million other financial costs. The latter include hedging costs as well as transaction costs related to the renegotiated revolving credit facility and the early repayment of the €220 million term loan.

The **leverage ratio** of the Total Group at the end of the period was 4.5 times the adjusted EBITDA of the last twelve months, which now excludes the Mexican business contribution. The improvement compared to 6.4 times at the year start, is based on the significant increase of the adjusted EBITDA.

The **gross financial debt** of the Total Group came down from €1,076 million to €835 million. The €220 million term loan was repaid with the Mexican business divestment proceeds. Leases were €129 million, slightly lower than the €138 million at the start of the year. The Revolving credit facility utilization remained largely unchanged at €116 million. This mainly covers temporary mismatches in the geographical cash distribution of the €177 million cash position. The facility was extended to December 2025 with a ceiling of €269 million until June 2024 and €242 million until maturity. The facility's maintenance covenants were reviewed and require a.o. that the leverage ratio does not exceed 4.25 times by year end. Besides this, the principal component for the gross financial debt consists of the €580 million bond maturing in July 2026 with a fixed 3.5% interest rate.

As from 2022, the Emerging Markets activities are reported as **assets held for sale**. The net value of these (assets minus related liabilities), came down from €404 million at the year start to €129 million at the end of the period, reflecting the Mexican business divestment and some smaller asset sales.

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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this report.

The information contained in this report is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it.

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.

Corporate information

The above press release and related financial information of Ontex Group NV for the six months ended June 30, 2023 was authorized for issue in accordance with a resolution of the Board on July 27.

Audio webcast

Management will host an audio webcast for investors and analysts on July 28, 2023 at 12:00 CEST / 11:00 BST. A copy of the presentation slides will be available on ontex.com.

Click on the link below to attend the presentation from your laptop, tablet or mobile device. Audio will stream through your selected device, so be sure to have headphones or your volume turned up.

https://channel.royalcast.com/landingpage/ontexgroup/20230728_1

A full replay of the presentation will be available at the same link shortly after the conclusion of the live presentation.

Financial calendar

- **October 27, 2023** Q3 2023 results
- **February 8, 2024** Q4 and full year 2023 results
- **May 3, 2024** Annual general meeting of shareholders

Enquiries

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About Ontex

Ontex is a leading international developer and producer of hygienic products and solutions for retailers and healthcare, with expertise in baby care, feminine care and adult care. Ontex's innovative products are distributed in around 100 countries through leading retailer brands, lifestyle brands and Ontex brands. Employing some 7,500 people all over the world, Ontex has a presence in 20 countries, with its headquarters in Aalst, Belgium. Ontex is listed on Euronext Brussels and is part of the Bel Mid®. To keep up with the latest news, visit ontex.com or follow Ontex on LinkedIn, Facebook, Instagram and YouTube.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST HALF ENDED JUNE 30, 2023

CONTENTS

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 Condensed Consolidated Interim 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 financial report presents a fair overview of the information that needs to be disclosed 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 Condensed Consolidated Interim 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 ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2023

To the Board of Directors
Ontex Group NV
Korte Keppestraat 23
B-9320 EREMBODEGEM

Statutory auditor's report on review of consolidated condensed interim financial statements for the period ended 30 June 2023

Introduction

We have reviewed the accompanying consolidated condensed interim financial statements of Ontex Group NV and its subsidiaries as of 30 June 2023 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Ghent, 27 July 2023

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

DocuSigned by:
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Lien Winne
Bedrijfsrevisor / Réviseur d'Entreprises

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1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30

ASSETS in € million	Note	June 30, 2023	December 31, 2022
Non-current Assets			
Goodwill	6.4.	796.9	797.9
Intangible assets	6.5.	33.1	32.7
Property, plant and equipment	6.6.	447.1	420.1
Right-of-use assets	6.7.	105.1	110.1
Deferred tax assets		12.1	12.1
Non-current receivables		39.7	0.3
		1,434.1	**1,373.3**
Current Assets			
Inventories		290.5	264.3
Trade receivables		186.1	191.8
Prepaid expenses and other receivables		59.0	36.8
Current tax assets		4.0	5.0
Derivative financial assets		8.2	12.1
Other financial assets		0.4	0.4
Cash and cash equivalents	6.8.	112.8	149.1
Assets classified as held for sale	6.10.	286.5	661.7
		947.4	**1,321.3**
TOTAL ASSETS		**2,381.5**	**2,694.5**

EQUITY AND LIABILITIES in € million	Note	June 30, 2023	December 31, 2022
Equity attributable to owners of the company			
Share capital & premium		1,208.0	1,208.0
Treasury shares		(32.8)	(34.2)
Cumulative translation reserves		(304.1)	(301.9)
Retained earnings and other reserves		(17.5)	(13.4)
TOTAL EQUITY		**853.6**	**858.4**
Non-current liabilities			
Employee benefit liabilities		13.7	13.5
Interest-bearing debts	6.8.	669.0	891.7
Deferred tax liabilities		21.4	21.3
Other payables		0.4	0.4
		704.6	**926.9**
Current liabilities			
Interest-bearing debts	6.8.	141.6	145.4
Derivative financial liabilities		8.6	15.0
Trade payables		386.8	405.3
Accrued expenses and other payables		50.3	22.6
Employee benefit liabilities		39.4	40.4
Current tax liabilities		25.5	23.0
Provisions	6.9.	14.0	8.0
Liabilities related to assets classified as held for sale	6.10.	157.2	249.6
		823.4	**909.2**
TOTAL LIABILITIES		**1,527.9**	**1,836.1**
TOTAL EQUITY AND LIABILITIES		**2,381.5**	**2,694.5**

The accompanied notes are an integral part of the condensed consolidated interim financial statements.

2. CONSOLIDATED INCOME STATEMENT
FOR THE FIRST HALF ENDED JUNE 30

in € million	Note	First Half 2023	First Half 2022
Revenue	6.3.	891.8	780.6
Cost of sales		(667.1)	(608.6)
Gross Profit		**224.7**	**172.0**
Distribution expenses		(96.1)	(91.2)
Sales and marketing expenses		(39.7)	(39.3)
General administrative expenses		(39.7)	(35.8)
Other operating income/(expenses), net		(1.1)	(0.5)
Income and expenses related to changes to Group structure	6.11.	(11.1)	(4.2)
Income and expenses related to impairments and major litigations	6.11.	(1.5)	(85.6)
Operating profit/(loss)		**35.6**	**(84.5)**
Finance income		0.4	0.4
Finance costs		(30.6)	(22.5)
Net exchange differences relating to financing activities		5.4	(0.1)
Net finance cost	6.12.	**(24.8)**	**(22.1)**
Profit/(loss) before income tax		**10.8**	**(106.6)**
Income tax expense		(8.7)	6.9
Profit/(loss) for the period from continuing operations		**2.1**	**(99.7)**
Profit/(loss) for the period from discontinued operations	6.10.	**(21.2)**	**(71.6)**
Profit/(loss) for the period		**(19.2)**	**(171.4)**
Profit/(loss) attributable to:			
Owners of the parent		(19.2)	(171.4)
Profit/(loss) for the period		**(19.2)**	**(171.4)**

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Earnings per share:

in €	Note	First Half 2023	First Half 2022
For continuing operations			
Basic earnings per share		0.03	(1.23)
Diluted earnings per share		0.03	(1.23)
For continuing and discontinued operations			
Basic earnings per share	6.13.	(0.24)	(2.12)
Diluted earnings per share	6.13.	(0.24)	(2.12)
Weighted average number of ordinary shares outstanding during the period		81,073,346	80,998,654

The accompanied notes are an integral part of the condensed consolidated interim financial statements.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST HALF ENDED JUNE 30

in € million	Note	First Half 2023	First Half 2022
Profit/(loss) for the period		**(19.2)**	**(171.4)**
Other comprehensive income/(loss) for the period, after tax:			
Remeasurements of defined benefit plans		-	5.0
Items that will not be reclassified subsequently to income statement, net of tax		**-**	**5.0**
Exchange differences on translating foreign operations		(2.2)	66.9
Fair value remeasurements - Cash flow hedge	6.15.	4.4	7.4
Items that will be reclassified subsequently to income statement, net of tax		**2.1**	**74.3**
Other comprehensive income/(loss) for the period, net of tax		**2.1**	**79.3**
Total comprehensive income/(loss) for the period		**(17.0)**	**(92.1)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(17.0)	(92.1)
Total comprehensive income/(loss) for the period		**(17.0)**	**(92.1)**

The accompanied notes are an integral part of the condensed consolidated interim financial statements.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST HALF ENDED JUNE 30

	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)**	**(301.9)**	**(313.8)**	**3.4**	**(2.3)**	**13.2**	**286.1**	**858.4**
Hyperinflation non-monetary adjustments	**-**	**-**	**-**	**-**	**-**	**11.3**	**-**	**-**	**-**	**-**	**11.3**
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	4.0	-	-	(2.7)	0.1	1.4
Settlement of share-based payments	-	-	-	1.9	-	-	-	-	(0.8)	(1.2)	-
Treasury Shares	-	-	-	(0.5)	-	-	-	-	-	-	(0.5)
Total transactions with owners	**-**	**-**	**-**	**1.4**	**-**	**4.0**	**0.0**	**0.0**	**(3.5)**	**(1.1)**	**0.9**
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	(19.2)	-	-	-	-	(19.2)
Other comprehensive income/(loss)	-	-	-	-	(2.2)	(0.0)	-	4.4	-	-	2.1
Balance at June 30, 2023	**82,347,218**	**795.2**	**412.8**	**(32.8)**	**(304.1)**	**(317.7)**	**3.4**	**2.1**	**9.8**	**285.0**	**853.6**

in € million	Attributable to equity holders of the Company										
							Other reserves				
	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, 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)**	**(333.1)**	**(74.3)**	**(0.8)**	**(0.2)**	**13.0**	**287.1**	**1,063.3**
Hyperinflation non-monetary adjustments	**-**	**-**	**-**	**-**	**-**	**18.5**	**-**	**-**	**-**	**-**	**18.5**
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	-	-	-	0.8	-	0.8
Settlement of share-based payments	-	-	-	1.7	-	-	-	-	(0.8)	(0.9)	(0.0)
Treasury Shares	-	-	-	0.3	-	-	-	-	-	-	0.3
Total transactions with owners	**-**	**-**	**-**	**2.0**	**0.0**	**0.0**	**-**	**-**	**0.0**	**(0.9)**	**1.1**
Comprehensive income:	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**(171.4)**	**-**	**-**	**-**	**-**	**(171.4)**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	66.9	(0.0)	5.0	7.4	-	-	79.3
Balance at June 30, 2022	**82,347,218**	**795.2**	**412.8**	**(34.3)**	**(266.3)**	**(227.1)**	**4.2**	**7.3**	**13.0**	**286.1**	**990.8**

The accompanied notes are an integral part of the condensed consolidated interim financial statements.

5. CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST HALF ENDED JUNE 30

	First Half	
in € million	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	**(19.2)**	**(171.4)**
Adjustments for:		
Income tax expense	18.7	(1.9)
Depreciation and amortization	35.7	34.5
Impairment losses and items relating to investing activities	21.1	146.9
Provisions (including non-current employee benefit liabilities)	(10.6)	(12.8)
Change in fair value of financial instruments	4.5	(1.5)
Net finance cost	33.2	29.5
Changes in working capital:		
Inventories	(22.3)	(36.9)
Trade and other receivables and prepaid expenses	(22.0)	(29.4)
Trade and other payables and accrued expenses	22.9	32.3
Current Employee benefit liabilities	4.3	2.1
Cash from operating activities before taxes	**66.4**	**(8.5)**
Income taxes paid	(11.8)	(11.3)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**54.7**	**(19.8)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(44.4)	(27.0)
Proceeds from disposal of property, plant and equipment and intangible assets	6.2	(0.1)
Proceeds from divestments, net of cash acquired and transaction costs	237.3	(0.0)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**199.1**	**(27.2)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	154.5	57.8
Repayment of borrowings	(400.1)	(59.3)
Interests paid	(28.0)	(20.2)
Interests received	1.7	1.3
Cost of refinancing & other costs of financing	(9.8)	(3.4)
Realized foreign exchange (losses)/gains on financing activities	5.0	(1.3)
Derivative financial assets	(1.8)	(3.0)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(278.6)**	**(28.2)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(24.9)**	**(75.2)**
Effects of exchange rate changes on cash and cash equivalents	(6.9)	9.3
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**208.7**	**246.7**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**177.0**	**180.8**
Of which presented as part of Assets classified as held for sale	64.2	65.7

The accompanied notes are an integral part of the condensed consolidated interim financial statements.

6. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6.1. CORPORATE INFORMATION

The condensed consolidated interim financial statements of Ontex Group NV (the 'Group' or 'Ontex') for the first half ended June 30, 2023 were authorized for issue in accordance with a resolution of the Board on July 27, 2023.

Legal status

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

6.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.2.1. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first six months ended June 30, 2023 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, as adopted by the European Union. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 of Ontex Group NV, that can be found on the website: http://www.ontexglobal.com.

The amounts in this document are presented in € millions, unless noted otherwise. This may give rise to rounding differences in the tables presented in the report.

This report has been prepared in Dutch and translated into English. In the case of discrepancies between the two versions, the Dutch version will prevail.

A summary of the significant accounting policies can be found in the audited consolidated financial statements for the year ended December 31, 2022 of Ontex Group NV that can be found in the Integrated Annual Report 2022 on the website (http://www.ontexglobal.com), from page 100 through page 113. The accounting policies have been consistently applied to all the periods presented.

The accounting policies used to prepare the condensed consolidated interim financial statements for the period from January 1, 2023 to June 30, 2023 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2022 of Ontex Group NV.

IFRS accounting standards to be adopted as from 2023

The following relevant new standards and amendments to existing standards have been published and are mandatory for the first time for the financial periods beginning on or after January 1, 2023 and have been endorsed by the European Union:

Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2: Disclosure of Accounting policies (effective January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need 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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

Amendments to IAS 8 – *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates (effective January 1, 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted (subject to any local endorsement process).

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

The above mentioned standards did not have an impact on the condensed consolidated interim financial statements.

Relevant IFRS accounting pronouncements to be adopted as from 2024 onwards

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning January 1, 2023 and have not been endorsed by the European Union. Those which may be the most relevant to the Ontex Group's consolidated financial statements are set out below.

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 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 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.

The above-mentioned amendments are not expected to have a significant impact on the condensed consolidated interim financial statements.

Financial reporting in hyperinflationary economies

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*. IAS 29 requires to report the results of the company's operations in Turkey as if these were highly inflationary as of January 1, 2022. The standard is applied consistently for both 2022 and 2023.

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 balance sheet 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.

6.2.2. Measurement in the consolidated financial statements

Revenues and costs that are incurred unevenly during the financial year are anticipated or deferred in the interim consolidated financial statement only if it would be also appropriate to anticipate or defer such revenues and costs at the end of the financial period.

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

6.2.3. Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below.

Liquidity situation

The consolidated condensed 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. Initially, it carries a slightly higher interest rate than before the extension, similarly based on EURIBOR plus a margin. 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 5.25 by the end of June 2023, 4.25 by December 2023, 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 € 215.0 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 € 215.0 million and a leverage covenant of 5.25.

Impairment

Annual impairment reviews are performed during the fourth quarter of each year for all cash-generating units ("CGU"). 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.

In the preparation of its impairment exercises, the Group also considers climate risks. A climate risk assessment has been conducted in the first half of the year, 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) 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 (78% in 2022), 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.

As a consequence of the finalization of the sale of the Mexican business in the beginning of May 2023, the CGU ‘Central America’, which was already part of Assets held for Sale in 2022, is no longer part of the Group. As such, the Group identifies the following cash-generating units used for impairment testing:

- Europe
- Russia
- North America
- As part of Assets held for Sale:
    - South America
    - MEAA (Middle East, Africa and Asia)

During the first half year of 2023, there were only impairment indicators identified for the CGU ‘Russia’, for which the impairment test did not reveal any need for impairment. For more details, please refer to Note 6.4.

Discontinued operations and disposal group held for sale

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

“Emerging Markets” are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa.

As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale.

The sale of the Central American activities was finalized beginning of May 2023.

Operations in Russia

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

In the first half of 2023, the Group generated approximately € 56.4 million revenue in Russia. The fixed assets held in Russia represent approximately € 20.7 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, which were not material before the conflict started, and the adaptation to the evolving economic sanctions & 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, with revenue less than €5.0 million for the first half of 2023 and with a few people in commercial activities and no owned production or assets, and now maintains a minimum activity level without putting any of its employees in danger.

6.3. 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.

The key product categories are:

- Baby Care, principally baby diapers, baby pants and, to a lesser extent, wet wipes;
- Adult Care, such as adult pants, adult diapers, incontinence towels and bed protection;
- Feminine Care, such as sanitary towels, panty liners and tampons.

	First Half	
in € million	**2023**	**2022**
Baby Care	396.6	354.4
Adult Care	359.9	305.7
Feminine Care	123.0	105.3
Other	12.3	15.2
Total revenue	**891.8**	**780.6**

The activity of Ontex Group is not subject to significant seasonality throughout the year. Therefore, the additional disclosure of financial information for the 12-month period ended on the interim reporting date, encouraged in IAS 34.21, is not provided.

6.4. GOODWILL

The movement in the first half year of 2023 on goodwill relates to exchange differences (cost of € 1.0 million).

The Group identifies the following cash-generating units used for impairment testing:

- Europe
- Russia
- North America

Annual impairment reviews are performed during the fourth quarter of each year for all CGUs. These reviews compare the carrying value of each CGU with the recoverable amount of the CGU’s assets calculated using a discounted cash flow model. If the recoverable amount is less than the carrying value of the CGU, an impairment loss is recognized immediately in the income statement.

Due to the ongoing conflict between Russia and Ukraine, the Group has performed an updated impairment test for the CGU ‘Russia’ during the first half-year 2023. This did not lead to any further impairment on the Russian assets. The entire goodwill amount allocated to Russia of € 84.1 million was impaired during 2022.

The recoverable amounts of cash-generating units (‘CGUs’) have been determined based on value-in-use calculations. Value-in-use calculations require the use of estimates and assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex’ financial budgets and strategic plans, as well as discount rates. The pre-tax discount rate used for Russia amounted to 20.2% compared to a discount rate of 18.8% at the end of 2022. Cashflows beyond the strategic plan, which covers three years, are extrapolated using an estimated growth rate of 2.0% (similar to prior year). Sensitivity analysis shows that there is no risk for impairment in reasonable scenarios for both a decrease in long term growth rate and estimated operating margin.

During the first half of 2022, significant movement of the period related to the transfer of assets relating to the discontinued operations reclassified as held for sale (€ 170,6 million).

6.5. INTANGIBLE ASSETS

The Group acquired intangible assets for a total amount of € 5.1 million, mainly relating to IT implementation costs for € 2.7 million (First Half of 2022: € 4.6 million of which € 2.8 million relating to IT implementation costs) and capitalized development costs.

The amortization charge for the period amounts to € 4.5 million (First Half of 2022: € 4.5 million).

During the first half of 2022, significant movement of the period related to the transfer of assets relating to the discontinued operations reclassified as held for sale (€ 15.4 million).

6.6. PROPERTY, PLANT AND EQUIPMENT

Separate additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments for a total amount of € 40.9 million (First Half of 2022: € 18.2 million).

The depreciation charge for the period amounts to € 20.9 million (First Half of 2022: € 19.8 million). Impairment losses for an amount of € 0.7 million relating to idle machinery have been recognized in the first half of 2023 (First Half of 2022: € 0.8 million).

Remaining significant movement in the first half of 2023 related to exchange differences for € 5.8 million and the transfer from assets relating to the discontinued operations reclassified as held for sale for € 2.4 million (First Half of 2022 a transfer of € -171.9 million).

The Group has contracted expenditures for the acquisition of property, plant and equipment at June 30, 2023 of € 32.8 million.

6.7. RIGHT-OF-USE ASSETS

6.7.1. Right-of-use assets

The Group entered into new lease contracts for a total amount of € 4.2 million, mainly relating to furniture and vehicles (First Half of 2022: € 24.6 million).

Furthermore, modifications to lease contracts have an impact of € 1.5 million (First Half of 2022: € -6.0 million).

The depreciation expense for the period amounts to € 10.3 million (First Half of 2022: € 8.4 million).

Remaining movement of the period relates to exchange differences while in the first half of 2022, there was a transfer of assets relating to the discontinued operations reclassified as held for sale for an amount of € -13.2 million.

6.7.2. Lease liabilities

The lease liabilities are included in the interest-bearing debts and amount to € 94.2 million under non-current liabilities and € 18.7 million under current liabilities (First Half of 2022: € 91.0 million as non-current and € 23.2 million as current).

6.8. NET DEBT

The Group monitors capital on the basis of the net debt position. 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 net financial debt positions of the Group for the periods ended June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023			December 31, 2022		
in € million	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Non-current interest-bearing debts	669.0	14.6	683.6	891.7	16.8	908.5
Current interest-bearing debts	141.6	9.7	151.3	145.4	22.2	167.6
Cash and cash equivalents	(112.8)	(64.2)	(177.0)	(149.1)	(59.7)	(208.7)
Net financial debt	**697.8**	**(39.8)**	**657.9**	**888.1**	**(20.7)**	**867.4**

On June 1, 2023, the Group announced that it has reimbursed its € 220.0 million term loan, with proceeds from its recently divested Mexican business activities. 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 plus a margin. The margin is subject to the leverage ratio and equals 2.60% at a leverage of 4.0, which is the maximum leverage target set by Ontex for the end of 2023. At June 30, 2023, an amount of € 116.0 million was utilized on the revolving credit facility.

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.

6.9. PROVISIONS

6.9.1. Restructuring

The provision at June 30, 2023 mainly includes termination benefits. The additional provisions have been recognized in 'EBITDA Adjustments', under the heading 'Restructuring', see Note 6.11.

6.9.2. Legal claims

The Group is involved in a number of environmental, contractual, product liability, intellectual property, employment and other claims and disputes incidental to our business.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision it has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, Ontex was fined € 5.2 million. Ontex initiated an appeal against the decision. In July 2023 the Supreme Court has rejected this appeal, which rendered the decision final. A final notification is expected in the next six months. As per December 31, 2016, a provision amounting to € 5.2 million has been accounted for. The provision has not been adjusted per June 30, 2023.

The Group currently believes that the disposition of all other claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

6.10. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

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

"Emerging Markets" are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa.

These operations have been classified as a disposal group held for sale and presented separately in the statement of financial position. As a result, discontinued operations are shown as one line item in the condensed consolidated interim financial statements as detailed below. The discontinued statement of financial position items is 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. On May 2, 2023, the Group completed the divestment of its Mexican business, explaining the significant decrease in the amount of assets and liabilities held for sale.

Disposal group classified as held for sale

Within the result for the period from discontinued operations, there are EBITDA adjustments for an amount of € 25.6 million of which € 12.9 million is related to changes to the group structure, including the sale of the Mexican business, and € 12.7 million is related to impairment losses.

A loss of € 11.5 million is related to the sale of the Mexican business and entails a total disposal consideration of € 283.5 million, of which € 39.4 million will be paid on a deferred basis, while the amount of cash and cash equivalents disposed of within the transaction amounts to € 30.3 million. The loss on the transaction, which also includes transaction expenses, currency translation differences and the result of hedging, is still subject to post-closing adjustments/negotiations.

The impairment losses in the first half of 2023 are related to impairments on the business in Algeria (€ 9.0 million) and Pakistan (€ 3.6 million).

The proceeds of disposal are expected to exceed the carrying amount of the related net assets and accordingly no additional impairment losses have been recognized on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

in € million	June 30, 2023	December 31, 2022
Non-current Assets		
Goodwill	0.0	83.8
Intangible assets	0.0	17.1
Property, plant and equipment	65.4	183.8
Right-of-use assets	14.0	16.3
Deferred tax assets	0.4	0.4
Other non-current assets	0.4	0.5
	80.3	**301.9**
Current Assets		
Inventories	63.0	116.1
Trade receivables	65.3	115.4
Prepaid expenses and other receivables	5.6	53.8
Current tax assets	8.1	6.5
Derivative financial assets	0.1	0.5
Cash and cash equivalents	64.2	59.7
	206.3	**352.0**
Assets classified as held for sale	**286.5**	**653.9**

in € million	June 30, 2023	December 31, 2022
Non-current liabilities		
Employee benefit liabilities	1.2	3.4
Interest-bearing debts	14.6	16.8
Deferred tax liabilities	5.6	12.9
	21.4	**33.1**
Current liabilities		
Interest-bearing debts	9.7	22.2
Derivative financial liabilities	1.4	0.4
Trade payables	94.3	154.1
Accrued expenses and other payables	12.7	19.6
Employee benefit liabilities	9.1	12.5
Current tax liabilities	5.8	4.8
Provisions	2.7	2.9
	135.8	**216.5**
Liabilities related to assets classified as held for sale	**157.2**	**249.6**

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at June 30, 2023 were € 298.0 million.

Financial performance

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

in € million	First Half 2023	First Half 2022
Revenue	**337.1**	**371.1**
Operating expenses (excl. depreciations and amortizations)	(314.3)	(361.4)
Adjusted EBITDA	**22.8**	**9.7**
Income and expenses related to impairment losses and restructuring	(25.6)	(69.0)
EBITDA	**(2.8)**	**(59.3)**
Depreciation and amortization	(0.0)	0.0
Financial result	(8.4)	(7.3)
Profit/(loss) before income tax	**(11.2)**	**(66.6)**
Income tax expense	(10.0)	(5.0)
Profit/(loss) for the period from discontinued operations*	**(21.2)**	**(71.6)**

* Of which included Hyperinflation impact in 2023 of € -7.4 million (2022: € -5.4 million).

Earnings per share (€)	First Half 2023	First Half 2022
For discontinuing operations		
Basic earnings per share	(0.26)	(0.88)
Diluted earnings per share	(0.26)	(0.88)

Cash flows

The cash flow information presented are for the six months ended June 30, 2023 and 2022:

in € million	First Half 2023	First Half 2022
Net cash generated from / (used in) operating activities	79.5	27.0
Net cash generated from / (used in) investing activities	35.6	(11.1)
Net cash generated from / (used in) financing activities	(108.5)	(14.4)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**6.6**	**1.5**
Effects of exchange rate changes on cash and cash equivalents	(2.1)	3.1

Hyperinflation in Turkey

In first half year of 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, the Ontex Group has applied hyperinflation accounting for its Turkish subsidiary in these interim 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 ("CPI") published by the Turkish Statistic Institute TUIK. The hyperinflation impacts resulting from changes in the general purchasing power until December 31, 2021 were reported in retained earnings and the impacts of changes in the general purchasing power from January 1, 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 € -8.1 million (First Half of 2022: € -4.1 million). The CPI index at June 30, 2023 amounted to 1,351.59 which means an increase of 19,8% versus December 31, 2022;

- The income statement is adjusted at the end of each reporting period using the change in the CPI 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 € -0.7m (First Half of 2022: € 0.1m);

In the first six months of June 2023, the Turkish operations represented 12.4% (First Half of 2022: 13.8%) of the company's revenue from discontinued operations.

In the net Assets held for Sale presented above of € 129.3 million, the impact of Hyperinflation amounts to € 11.3 million (December 31, 2022: € 29.0 million). This decrease is explained by the impairment on the goodwill included in the Turkish business at December 31, 2022 and which are consequently no longer subject to Hyperinflation.

6.11. EBITDA ADJUSTMENTS

	First Half	
in € million	**2023**	**2022**
Business restructuring	(11.0)	(3.9)
Acquisition and disposal of businesses	(0.0)	(0.3)
Income and expenses related to changes to Group structure	**(11.1)**	**(4.2)**
Impairment of assets	(0.4)	(84.9)
Litigation and legal claims	(1.1)	(0.1)
Other	0.0	(0.6)
Income and expenses related to impairments and major litigations	**(1.5)**	**(85.6)**
Total EBITDA adjustments	**(12.6)**	**(89.7)**

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

6.11.1. Income and expenses related to changes to Group structure

Restructuring

During 2023, the costs relate to restructuring expenses in the context of cost-out programs in operations and SG&A overheads.

6.11.2. Income and expenses related to impairments and major litigations

Impairment of assets

In 2023, no impairments are recognized.

In 2022, the impairment losses include mainly the impairment recognized on the business in Russia as a result of the goodwill impairment test performed (€ 84.1 million, see Note 6.4). In 2023 no impairment losses on goodwill were recognized.

Litigations 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.

6.12. NET FINANCE COST

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

	First Half	
in € million	**2023**	**2022**
Interest income on current assets	0.4	0.4
Finance income	**0.4**	**0.4**
Interest expense on group borrowings	(18.4)	(13.6)
Amortization of borrowing expenses	(3.5)	(1.3)
Interest expense on other borrowings and other liabilities	(6.9)	(3.6)
Interest expense	***(28.9)***	***(18.6)***
Banking cost	(0.8)	(0.6)
Factor fee	(0.6)	(0.6)
Losses on derivatives and cost of hedging	(1.1)	(1.0)
Other	0.7	(1.8)
Finance cost	**(30.6)**	**(22.5)**
Finance income as per income statement	0.4	0.4
Finance expense as per income statement	(30.6)	(22.5)
Net exchange differences relating to financing activities	5.4	(0.1)
Net finance cost as per income statement	**(24.8)**	**(22.1)**

The refinancing in June 2023, repayment of the term loan of €220,0 million, resulted in a loss as a consequence of the application of the amortized cost for an amount of € 2.3 million (accelerated amortization of the borrowing expenses related to this term loan), presented in net finance cost in the consolidated income statement for the period ended June 30, 2023

The higher interest cost is due to the increase in the underlying base rates, increase in the margins on the revolving credit facility and term loan, before repayment in May 2023 and higher utilization of the revolving credit facility during 2023. At closing of June 30, 2023 € 116.0 million was utilized (June 30, 2022: €50.0 million)

6.13. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2022 was 80,998,654, which is the weighted average number of shares for the first half 2022. The number of shares used for the first half 2023 was 81,073,346, which is the weighted average number of shares for 2023.

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:

in € million	First Half 2023	2022
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	2.1	(99.7)
Profit/(loss) attributable to equity holders of the Company	(19.2)	(171.4)
Adjustment dilution	-	-
Profit/(loss) from continuing operations attributable to equity holders of the Company, after dilution effect	**2.1**	**(99.7)**
Profit/(loss) attributable to equity holders of the Company, after dilution effect	**(19.2)**	**(171.4)**

Number of Shares	First Half 2023	2022
Weighted average number of ordinary shares outstanding during the period	81,073,346	80,998,654
Dilution	1,184,453	136,031

Earnings per share (€)	First Half 2023	2022
For continuing operations		
Basic earnings per share	0.03	(1.23)
Diluted earnings per share	0.03	(1.23)
For continuing and discontinued operations		
Basic earnings per share	(0.24)	(2.12)
Diluted earnings per share	(0.24)	(2.12)

A weighted average number of 2,873,562 dilutive instruments (i.e. LTIP instruments) were not included in the denominator of the diluted earnings per share as they were out-of-the-money at the end of June 30, 2023 (2022: 3,379,603 dilutive instruments). For more information, we refer to Note 6.14 relating to share-based payments.

6.14. SHARE BASED PAYMENTS

The Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options'), restricted stock units (further 'RSU's') and performance stock units (further PSU's), together the Instruments. 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. For PSU's, non-market and market conditions should also be met in order to be vested. The Instruments 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. 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 PSU's.

Upon vesting of RSU's and PSU's, the Shares underlying these instruments are transferred to the participants, while upon vesting, Options may be exercised until their expiry date (eight years from the date of grant).

During the period, the Group granted new LTIP plans consisting of 4,492,623 PSU's, of which 373,629 instruments have forfeited as of June 30, 2023. The instruments are exercisable upon vesting. The new LTIP plans have the following characteristics:

	Expiry Date	Exercise Price per stock option (€)	Number of instruments
LTIP 2023			
PSU's Plan A	2026	N/A	3,117,907
PSU's Plan B	2026	N/A	1,269,369
PSU's Plan C	2026	N/A	105,347

The fair value of the new LTIP plans have been determined using a stochastic valuation model based on the Monte Carlo methodology, considering that the PSU's include also a market condition. 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 2023		
	Plan A	Plan B	Plan C
Exercise Price (€)	-	-	-
Expected volatility of the shares (%)	33.57%	33.57%	35.27%
Expected dividends yield (%)	4.00%	4.00%	4.00%
Risk free interest rate (%)	2.62%	2.62%	2.58%

Social charges related to the LTIP are accrued for over the vesting period.

6.15. 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:

	June 30, 2023			
in € million	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		39.7	39.7	Level 3
Trade receivables		186.1	186.1	Level 2
Other receivables		59.0	59.0	Level 2
Derivative financial assets	8.2		8.2	
Interest rate swap	*7.1*		*7.1*	Level 2
Forward foreign exchange contracts	*1.1*		*1.1*	Level 2
Cash and cash equivalents		112.8	112.8	Level 2
Assets classified as held for sale		286.5	286.5	Level 3
Total Financial Assets	**8.2**	**684.1**	**692.2**	
Interest-bearing debts - non-current		669.0	605.4	
Senior Notes		*574.6*	*511.0*	Level 1
Lease & other liabilities		*94.4*	*94.4*	Level 2
Derivative financial liabilities	8.6		8.6	
Forward foreign exchange contracts	*6.9*		*6.9*	Level 2
Commodity hedging contracts	*1.6*		*1.6*	Level 2
Other payables - non-current		0.4	0.4	Level 2
Interest-bearing debts - current		141.6	141.6	
Syndicated Term Loan A < 1 year		*113.6*	*113.6*	Level 2
Accrued interests - Other		*9.3*	*9.3*	Level 2
Lease & other liabilities		*18.7*	*18.7*	Level 2
Trade payables		386.8	386.8	Level 2
Other payables - current		50.3	50.3	Level 2
Liabilities related to assets classified as held for sale		157.2	157.2	Level 3
Total Financial Liabilities	**8.6**	**1,405.3**	**1,350.2**	

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**	

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:

in € million	Fair value		Nominal amounts	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Derivative financial assets	**8.2**	**12.1**	**211.3**	**325.0**
Interest rate swap	*7.1*	*7.7*	*150.0*	*150.0*
Forward foreign exchange contracts	*1.1*	*4.4*	*61.3*	*175.0*
Derivative financial liabilities	**8.6**	**15.0**	**326.2**	**375.8**
Forward foreign exchange contracts	*6.9*	*13.8*	*227.3*	*368.8*
Commodity hedging contracts	*1.6*	*1.2*	*98.8*	*7.0*

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship. The impact on OCI and Income statement of the different derivates is as follows:

in € million	OCI				
	December 31, 2022	Amounts recognized in 2023	Amounts derecognized (Recycled to P&L) in 2023	Total Movement 2023	June 30, 2023
Forward foreign exchange contracts	(9.3)	3.6	2.0	5.6	(3.7)
Commodity hedging contracts	(1.1)	(1.8)	1.3	(0.5)	(1.6)
Interest rate swap	7.6	1.0	(1.5)	(0.5)	7.1

in € million	OCI				
	December 31, 2021	Amounts recognized in 2022	Amounts derecognized (Recycled to P&L) in 2022	Total Movement 2022	June 30, 2022
Forward foreign exchange contracts	1.0	4.5	(1.2)	3.3	4.3
Commodity hedging contracts	1.2	1.2	(2.1)	(0.9)	0.3
Interest rate swap	(1.8)	4.5	0.4	4.9	3.1

The table above does 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 € 0.9 million for the Total Group (June 30, 2022: € 0.0 million), and remaining from discontinued operations for an amount of € -0.6 million (June 30, 2022: € -0.5 million). The forward foreign exchange contract derecognized in 2023 in P&L is mostly related to the hedging related to the sale of the Mexican business.

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 June 30, 2023 (neither in prior year).

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

Factoring agreement

The Group has a long term, standing non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance. The Agreement provides us with a maximum credit facility of up to €200.0 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to the Group.

The non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance has an interest rate based on Euribor 3months + margin and the all in cost for factoring, including interest and factoring fees is € 3.9 million for the first half 2023, compared to € 1.1 million in first half 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, as June 30, 2023 the trade receivables before factoring amounted to € 179.6 million out of which € 127.0 million was derecognized leading to a continuing involvement of € 52.6 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.

As at June 30, 2023 € 178.6 million (December 31, 2022, €165.5 million) of financing was obtained through the factoring programs , this is in addition to €5.0 million (December 31, 2022 €3.4 million) of financing which was obtained through the use of supply chain financing programs offered by our customers. The late payment risk related to the factoring has been assessed as immaterial at closing 2023 and 2022.

6.16. 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, concluded their investigation into certain legacy practices in the personal hygiene industry in Mexico in the period of February 2008 until June 2014. COFECE confirmed that Grupo PI Mabe, S.A. de C.V. ("Mabe"), a former affiliate of the Company, and certain individuals committed antitrust violations during the aforementioned period, which predate the acquisition of Mabe by Ontex. Such decision is being appealed on grounds of unconstitutionality of the fines imposed. In May 2023, the Group completed its divestment of Mabe to Softys S.A. Based on the confirmed findings of the investigation (all predating Ontex's acquisition of Mabe) and in light of the contractual terms of the Mabe acquisition, the Group does not expect this matter to result in a net financial cost to it.

State Sales Tax (ICMS), the State of Goias issued a decree determining Falcon Distribuição Armazenamento e Transportes S/A (Falcon) to pay a contribution to the Social Protection Fund of the State of Goias (PROTEGE). Falcon received a tax assessment, but filed a lawsuit against the Treasury office of the State of Goias and is currently awaiting the judgement by the court. The Group believes that there are good arguments to defend the case and as such the Group does not believe a loss is probable.

The Group currently believes that the disposition of the claims and disputes, individually or in aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

6.17. RELATED PARTY TRANSACTIONS

There are no substantial related party transactions during the first half of 2023.

The remuneration of the members of the Board of Directors and key management is determined on an annual basis, for which reason no further details are included in this interim report.

6.18. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the end of the reporting period.

6.19. 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.

6.19.1. 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 Group. EBITDA adjustments are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Group to get a better understanding of the normalized performance of the Group. 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 first half ended June 30 are composed of the following items presented in the consolidated income statement and can be reconciled in Note 6.11 for continued operations and in Note 6.10 for discontinued operations:

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

6.19.2. 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 periods ended June 30 are as follows:

	Second Quarter					
	2023			2022		
in € million	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Revenue	445.9	131.3	577.3	395.9	202.4	598.3
Operating profit/(loss)	18.6	(15.2)	3.4	(85.5)	(62.2)	(147.7)
Depreciation and amortization	18.9	0.0	18.9	17.7	-	17.7
EBITDA	**37.5**	**(15.2)**	**22.3**	**(67.7)**	**(62.2)**	**(129.9)**
EBITDA adjustments	5.7	22.9	28.6	86.6	68.1	154.7
Adjusted EBITDA	**43.2**	**7.8**	**50.9**	**18.8**	**5.9**	**24.8**
Adjusted EBITDA margin	*9.7%*	*5.9%*	*8.8%*	*4.8%*	*2.9%*	*4.1%*

	First Half					
	2023			2022		
in € million	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Revenue	891.8	337.1	1,228.9	780.6	371.1	1,151.7
Operating profit/(loss)	35.6	(2.8)	32.8	(84.5)	(59.3)	(143.8)
Depreciation and amortization	35.7	0.0	35.7	34.5	(0.0)	34.5
EBITDA	**71.3**	**(2.8)**	**68.5**	**(50.0)**	**(59.3)**	**(109.3)**
EBITDA adjustments	12.6	25.6	38.1	89.7	69.0	158.7
Adjusted EBITDA	**83.8**	**22.8**	**106.6**	**39.7**	**9.7**	**49.4**
Adjusted EBITDA margin	*9.4%*	*6.7%*	*8.7%*	*5.1%*	*2.6%*	*4.3%*

6.19.3. 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 periods are presented below:

in € million	June 30, 2023			December 31, 2022		
	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Non-current interest-bearing debts	669.0	14.6	683.6	891.7	16.8	908.5
Current interest-bearing debts	141.6	9.7	151.3	145.4	22.2	167.6
Cash and cash equivalents	(112.8)	(64.2)	(177.0)	(149.1)	(59.7)	(208.7)
Net financial debt	**697.8**	**(39.8)**	**657.9**	**888.1**	**(20.7)**	**867.4**
Adjusted EBITDA (LTM)*	**148.1**	**(1.9)**	**146.2**	**104.0**	**31.7**	**135.7**
Leverage ratio			*4.5*			*6.4*

*LTM Adjusted EBITDA 2023 is excluding the Mexican business as a result of the realization of its sale beginning of May 2023 (refer to Note 6.10).

6.19.4. Free Cash Flow

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

Free Cash Flow of the Group for the periods ended June 30 is as follows:

in € million	First Half 2023	First Half 2022
Operating profit/(loss)	**35.6**	**(84.5)**
Depreciation and amortization	35.7	34.5
EBITDA	**71.3**	**(50.0)**
EBITDA from discontinued Operations	**(2.8)**	**(59.3)**
Non-cash items and items relating to investing and financing activities	15.0	132.7
Change in working capital		
Inventories	(22.3)	(36.9)
Trade and other receivables and prepaid expenses	(22.0)	(29.4)
Trade and other payables and accrued expenses	22.9	32.3
Employee benefit liabilities	4.3	2.1
Cash from operating activities before taxes	**66.4**	**(8.5)**
Income taxes paid	(11.8)	(11.3)
Net cash generated from operating activities	**54.7**	**(19.8)**
Capex	(44.4)	(27.0)
Cash (used in)/from on disposal	6.2	(0.1)
Repayment of lease liabilities	(12.1)	(12.0)
Free Cash Flow	**4.3**	**(58.9)**

6.19.5. 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 for periods ended June 30 are presented in Note 6.13.

in € million	First Half 2023	First Half 2022
Adjusted Basic Earnings		
Profit from continuing operations attributable to owners of the parent	2.1	(99.7)
EBITDA Adjustments	12.6	89.7
Tax correction	(2.5)	(1.2)
Adjusted Basic Earnings	**12.2**	**(11.2)**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**12.2**	**(11.2)**

Number of Shares	First Half 2023	2022
Weighted average number of ordinary shares outstanding during the period	81,073,346	80,998,654
Dilution	1,184,453	136,031

Earnings per share (€)	First Half 2023	2022
Adjusted basic earnings per share	0.15	(0.14)
Adjusted diluted earnings per share	0.15	(0.14)

6.19.6. Working capital

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

Reconciliation of working capital	June 30, 2023			December 31, 2022		
in € million	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Inventories	290.5	63.0	353.5	264.3	116.1	380.4
Trade receivables	186.1	65.3	251.4	191.8	115.4	307.2
Prepaid expenses and other receivables	59.0	5.6	64.6	36.8	53.8	90.7
Trade payables	386.8	94.3	481.1	405.3	154.1	559.4
Accrued expenses and other payables	50.3	12.7	63.0	22.6	19.6	42.2
Total net working capital	**98.4**	**26.9**	**125.3**	**65.1**	**111.7**	**176.7**

6.19.7. Alternative performance measures included in the press releases and other regulated information

Like-for-Like (LFL) revenue

Like-for-Like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A and hyperinflation.

	2022			2023 LFL			Forex			2023		
in € million	Cont. Ops.	Discon. Ops.	Total Group	Cont. Ops.	Discon. Ops.	Total Group	Cont. Ops.	Discon. Ops.	Total Group	Cont. Ops.	Discon. Ops.	Total Group
Revenue	780.6	371.1	**1,151.7**	896.7	342.5	**1,239.2**	(4.9)	(5.4)	**(10.3)**	891.8	337.1	**1,228.9**

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward looking statements, which speak only as of the date of this report.

The information contained in this report is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it.

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 trading update.

This trading update has been prepared in Dutch and translated into English. In the case of discrepancies between the two versions, the Dutch version will prevail.