INTEGRATED ANNUAL REPORT 2020

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Print optimized
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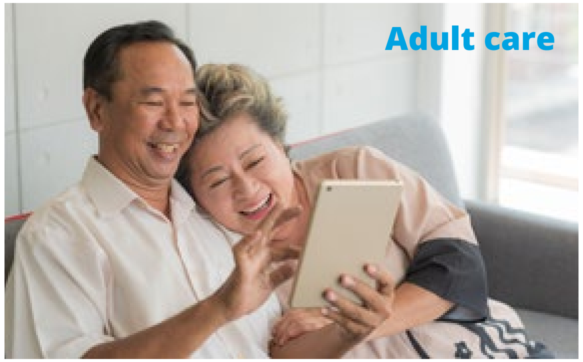
About Ontex

Feminine care

Baby care



Adult care

Ontex is a leading international personal hygiene group. We have more than 40 years of experience and understand the complexities and opportunities of this dynamic and growing sector.

We supply both retailer brands and our own brands in Baby, Feminine and Adult Care to consumers and customers in Europe, Russia, Middle East, Sub-Saharan Africa, North Africa and the Americas.

We understand the need to develop our people and deliver sustainable value to all our stakeholders while making a positive impact.

OUR PURPOSE

We create a world where everyone can embrace life's changes. We engineer, design, manufacture and market personal hygiene and health solutions to help people during major changes in their lives. Deeply rooted in local markets on five continents, we offer affordable products and services to the communities we serve. What differentiates us is our accessibility and proximity and our approach to locally driven innovation. We partner with customers to develop retail brands and we provide a portfolio of our own local brands to people in care or at home.

https://ontex.com

2020 AT A GLANCE

2.09B €
REVENUE

81.6M €
ADJUSTED PROFIT

5.45
ACCIDENT FREQUENCY RATE (#/M WORKED HOURS)

15%
REDUCTION CARBON EMISSIONS (VS 2018)

19
PRODUCTION FACILITIES

28
SALES AND MARKETING SITES

9
R&D CENTERS

~10,000
EMPLOYEES

70+
NATIONALITIES

About Ontex

OUR MARKETS
Ontex products and services are distributed in more than 110 countries around the world.

OUR CATEGORIES

Baby Care
This is the largest part of our business. We manufacture baby diapers and baby pants for retailers as well as our own brands. They are designed to bring affordable comfort to babies and peace of mind to parents.

Adult Care
Discretion, protection and dignity are the three key considerations in the design and manufacture of our light, medium and heavy incontinence solutions. Products include pads, pants, adult diapers and underpads, which are sold through healthcare institutions as well as directly to retailers and other customers and consumers.

Feminine Care
By providing a range of products such as ultra-towels, fluff towels, panty liners and tampons for retailers as well as our own brands we are able to respond to the different needs and lifestyles of women. All have innovative features that offer protection and comfort at all times.

IN 2020, ONTEX ALSO CREATED CAPACITY TO PRODUCE 80 MILLION MEDICAL FACE MASKS PER YEAR TO HELP PROTECT ESSENTIAL WORKERS IN HOSPITALS AND CARE HOMES, AS WELL AS ONTEX EMPLOYEES.

Letter of the Chairman of the Board

Unlocking the potential of Ontex

Dear shareholder,

This is my first letter to you since being elected to the Ontex Board at the general shareholders' meeting in May 2020. I fully understand shareholders' disappointment at the company's share price performance, and during the year we took decisive actions to address this head-on, directing our focus on the improvement of operational and financial performance, with one clear aim – value creation.

But first, I would like to extend my thanks on behalf of the Board to all our people for their resolve and resilience in a year blighted by COVID-19. As a Group, we responded rapidly. We ensured that our essential products reached end users uninterrupted and focused relentlessly on the safety and health of our employees. We also did all in our power to mitigate the financial effects of the pandemic.

"It is clear to me that changes are required for Ontex to restore growth. We launched a fully-fledged strategic review aimed at assessing all opportunities to deliver value creation.

HANS VAN BYLEN, CHAIRMAN

NEW CHIEF EXECUTIVE OFFICER

On July 30, 2020, we announced the departure of Charles Bouaziz and the appointment of Thierry Navarre as interim Chief Executive Officer. Less than five months later, on December 22, 2020, after having conducted a thorough search among a strong pool of highly qualified internal and external candidates with a specialized search firm, we announced the appointment of Esther Berrozpe Galindo, an independent non-executive director of the Group since end May 2019, as new CEO with effect from January 1, 2021. I and my fellow Board members strongly believe that Esther's blend of skills and experiences combined with a profound understanding of Ontex uniquely qualifies her to lead Ontex through its ongoing transformation and drive the implementation of its strategic initiatives. Esther understands the current challenges of the company and industry. Her leadership will intensify the performance culture, while the implementation of a new operating model and a new remuneration model are set to unlock the potential of the company.

BOARD RENEWAL

The composition of our Board equally underwent significant changes during the year. In addition to my appointment as chairman, Frédéric Larmuseau joined as an

"We are acting swiftly and decisively to improve the company's performance and restore confidence.

HANS VAN BYLEN, CHAIRMAN

independent director in October 2020 (for confirmation at the next shareholder meeting). Frédéric brings extensive experience in the consumer goods sector and a broad international outlook which will serve Ontex well. He fills the position vacated by Gunnar Johansson who stepped down after more than six years on the Board.

In April of 2021, the Board announced it is reinforcing ties with its two major shareholders GBL and ENA Investment Capital who, independently, are fully committed to supporting the long-term success of Ontex. Ontex is proposing to its shareholders to further significantly strengthen and diversify its Board of Directors, adding six Board members with talent and experience in the personal hygiene and retail sectors, ESG/sustainability, procurement, finance and governance. Ontex is honoured and privileged to attract these high quality, exceptionally talented people to its Board, who are committed to the Company's success. I want to thank both GBL and ENA Investment Capital for their long-term commitment and constructive support. We look forward to working together with our new directors to support the management team as it effects the Company's turnaround to deliver improved performance and value creation for all our shareholders. For more information about the proposed 2021 Board changes, go to ontex.com/news.

STRATEGIC REVIEW

It is clear to me that changes are required for Ontex to restore growth. We launched a fully-fledged strategic review aimed at assessing all opportunities to deliver value creation. The Board set up a special Strategy Committee in October 2020 to enhance and expedite strategic decision-making. We are looking at all options, defining key priorities, and making clear choices to strengthen our business model. Topics include a review of our geographic footprint and cost structure, measures to strengthen our commercial capabilities in an increasingly competitive marketplace, and the ambitious but disciplined pursuit of external growth opportunities. We hope to present the conclusions of this meticulous review in the course of 2021.

OVERHAUL OF REMUNERATION POLICY

We have thoroughly reviewed our remuneration policy. We intend to submit various radical changes to the policy for approval at the shareholders' meeting in 2021 which are intended to reinforce the pay-for-performance culture we strongly believe in. This culture was manifested by the Executive Committee's decision to reduce their 2020 bonus by 50%.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Ontex remains strongly committed to corporate responsibility. This manifested itself strongly during the year, not just through the response to the pandemic of our people or the actions we took at the local level with donations of our products and other essentials, but also through improvements in our key performance indicators such as employee safety and carbon emissions. Although there is more to do, we continued to improve gender diversity. Female representation in the management and executive committee both increased.

SUMMARY AND OUTLOOK

The Board and I are confident in the prospects of Ontex as we enter a new and exciting era of the company's development. Ontex has all the ingredients to succeed. It is well-positioned in its core markets and has a longstanding and proven knowledge of the business to support its customers. It has strong manufacturing skills and, not least, a highly experienced and motivated team. There are also significant structural growth opportunities globally. We are acting swiftly and decisively to improve the company's performance and restore market confidence. I look forward to working with the revitalized Board and management to refine and execute the Group's strategy and create value for all stakeholders.

Sincerely,

Hans Van Bylen
Chairman of the Board of Directors

Restore profitable growth

— Esther Berrozpe Galindo took over as Chief Executive Officer from Thierry Navarre on January 1, 2021. Esther joined Ontex as an independent director in May 2019.

I am deeply honored and excited to assume the leadership of Ontex. I look forward to working with the Board, the executive leadership team and the worldwide Ontex family to take the company through its next stage of development.

I would first like to thank Thierry Navarre who served as interim chief executive for the second half of 2020. His dedication to the company in the last 15 years has been exemplary, and we wish him all the best in his future endeavors.

My immediate focus has been defining a winning strategy for Ontex to restore growth, expand profitability and get ready for implementation. The work has included consultation with key stakeholders and, of course, with the Ontex teams.

ACTIONS TO RESTORE GROWTH

Our 2020 financial results SEE PAGE 51 paint a good picture of the potential upside in the performance of the Group. They also illustrate the urgent need to restore topline growth, improve free cash flow generation and reduce leverage.

In short, we need to generate adequate returns on capital employed and rebuild shareholder value creation that has been lacking in recent years.

There are a number of areas we must change in order to restore and progress our financial performance.

Reduce complexity

The complexity of our business is one area we will be addressing. We should leverage our reach and scale to drive growth and enhance value creation. Our focus will be on accelerating growth in North America, outperforming the market, giving more focus to the growing segment of Adult Care and partnering more closely with retailers to grow their and our retailer brand business, including in e-commerce. We have already supported a number of retailers in key markets to create powerful on-line retailer brands, and we plan to continue this work.

“We have all the ingredients for success but changes are needed. The company’s new strategy will focus on simplifying the portfolio, strengthening customer relations, accelerating innovation and improving costs in a rapidly evolving environment.

ESTHER BERROZPE GALINDO, CEO

Speed up innovation
Our innovation work requires closer ties with both customers (to understand their needs) and with suppliers (to leverage their know-how). If we concentrate resources, we increase the cadence of innovation and can optimize investments through the synergies between our Retailer and Own Brands. We also need to fully exploit our relationships with new 'lifestyle' brands to feed our innovation pipeline in anticipation of consumer trends.

Best cost
Cost is another key area and we will be looking at our whole cost structure. We need to leverage our vast expertise and scale to our advantage, intensifying our efforts to crosspollinate ideas and best practices in all aspects of manufacturing from process optimization to waste elimination. Portfolio simplification will be a key enabler to help in this transformation.

Closer to customers
We need to leverage the entrepreneurial essence of Ontex to reconnect with customers, to return to be a more customer-centric organization and to spend more time understanding customers' needs.

SEE MORE DETAILS ON PAGE 13

ENVIRONMENTAL AND SOCIAL PROGRESS
Our environmental and social progress has been commendable, but I believe that we have underplayed our achievements. We need to communicate more, specifying our goals and detailing a realistic roadmap to deliver. Safety and a target of zero accidents must come first. SEE PAGE 19. We are already well positioned in responsible manufacturing with the work we are doing on renewable energy, waste reduction and addressing the end of life of our products. We can improve by promoting complete transparency in terms of components used and of sourcing along the production chain. Finally, we will continue to seek greater diversity and ensure equal opportunities for women and men.

SEE MORE DETAILS ON PAGE 47

URGENCY AND BIAS FOR ACTION
I believe urgency for action is key to restoring performance. I want to rekindle a sense of urgency and a bias for action while keeping things simple and straightforward. We are in the process of simplifying the organization to improve the speed of execution. We also plan to embed accountability at every level of the organization, and install a pay-for-performance culture where reward is earned and measured against new KPIs. Here, the implementation of a new remuneration policy is key.

SEE PAGE 13

I hope this short introduction has given you a good overview of the direction of travel we intend to take at Ontex. We have strong capabilities on which to build. I am confident in the leadership's and the company's commitment to making the necessary changes to support our customers and improve our operating performance and, in doing so, return the company to sustainable top and bottom-line growth and value creation.

"Ontex possesses a number of major assets that once realigned represent significant potential for value creation. Past initiatives have neither been sufficient nor have they delivered the expected benefits. We have already started work on setting our priorities for the future to return Ontex to growth.

ESTHER BERROZPE GALINDO, CEO

2020 Highlights

MORE THAN 4 MILLION ITEMS DONATED

Our people's response to the pandemic was exceptional. Our factories donated more than four million items of Ontex products across all of our markets. We focused on local scope and on the most vulnerable groups in society such as the elderly in poverty, families with financial difficulties and refugees. SEE PAGE 47 FOR MORE DETAILS

FACING UP TO RESPONSIBILITY

To help combat COVID-19, we used our forty years of experience in personal hygiene to quickly set up a production line for disposable medical masks at our factory in Eeklo, Belgium in the middle of the year. Hilde Crevits, Flemish Minister for Economy & Innovation said: "I'm impressed by the work of Ontex's engineers and technicians, installing a fully functional and hygienic mass production line to meet an urgent need in society in just 100 days." SEE PAGE 25 FOR MORE DETAILS

PROTECTING WHAT IS PRECIOUS

As the a COVID-19 threat became apparent, we quickly introduced measures to protect our 10,000 employees and their families at all our locations and to ensure the flow of our essential products. These included cleaning and disinfection routines, social distancing rules, extra training as well as provision of hand sanitizers, protective gloves and face masks. We enabled work-from-home where possible and any travel was subject to a COVID-19 risk assessment. Employees confirmed with COVID-19 had a minimum 14 days' quarantine and could only return to work after medical clearance.
SEE PAGE 34 FOR MORE DETAILS

SAFETY AT WORK

Part of the Ontex Manufacturing Excellence program is to drive a safer work environment across our operations. In 2020, our Pakistan plant celebrated three years and our Hawassa plant in Ethiopia more than one year without a work accident. Our Mayen plant in Germany was also externally recognised for its safety performance.
SEE PAGE 46 FOR MORE DETAILS

FIRST US MANUFACTURING FACILITY

Part of our strategy is to increase our US presence. In May, we started to build a production plant in North Carolina, our first on American soil, to serve the eastern part of the US with personal hygiene products. Approximately half of the US population lives within a 1,000 km/650-mile radius of the new facility. It is scheduled to start production in the second half of 2021 and complements the adjacent feminine care production assets acquired during the year. SEE PAGE 21 FOR MORE DETAILS

Key highlights

SUSTAINABILITY EFFORTS RECOGNIZED BY CDP

In 2020, we achieved our highest CDP (Carbon Disclosure Project) ratings to date for climate action and forestry. As well as reducing our carbon emissions, we strengthened internal governance of climate action. We also accelerated our sustainable sourcing of raw materials. We invested in systems to identify sources of raw materials to support a future policy based solely on fiber and agriculture-based products. Already 100% of our fluff comes from controlled or certified sources.

SEE PAGE 48 FOR MORE DETAILS

ON-LINE ACCELERATION

Our exclusive Little Big Change on-line brand grew in the year as we expanded the offering into Germany and Austria and as people turned to on-line purchasing against the background of COVID-19. In France, for example, we estimate that more than 30% of diaper sales are online.

SEE PAGE 33 FOR MORE DETAILS

SOLAR DRIVEN

We took another step towards our goal to be carbon neutral in our operations by 2030 with the installation one of Spain's largest industrial solar rooftop systems at our Segovia plant. The new solar installation produces the equivalent of the annual electricity needs of about 1,000 households and offsets 1,500 tons of CO_2 per year, the equivalent of 23,000 trees per year over a 30-year period. Today, 75% of our manufacturing plants on five continents run on electricity from renewable sources.

SEE PAGE 41 FOR MORE DETAILS

MATCHING THE BEST

We launched the new baby diaper technology SeconDRY® in a number of diaper brands including CanBebe, Moltex Pure & Nature and Helen Harper in Europe, and the on-line Little Big Change. This instant dryness system, developed by Ontex in Germany, matches the dryness of leading A-brands and helps avoid skin irritation – a key purchase driver for consumers. The new patented technology also reduces the diapers' carbon footprint.

SEE PAGE 30 FOR MORE DETAILS

T2G INTEGRATED

The T2G program introduced a new way of looking at value creation. It reinforced our structures and manufacturing strengths. It has given us a new, data-driven modus operandi. In 2020, we continued to leverage the Ontex Manufacturing Excelence (OMEX) team to share best practices across lines and plants and we saw marked improvement in our efficiencies despite the pandemic.

SEE PAGE 35 FOR MORE DETAILS

ON-LINE SUPPORT

On-line purchases of our types of products almost tripled in 2020 owing to the COVID-19 pandemic. Our own digital experts dedicated much time and effort to supporting our regions in helping retailers create powerful on-line propositions for their own brands in the face of strong challenge from the main international players.

SEE PAGE 32 FOR MORE DETAILS

Market trends

— Ontex has a number of opportunities to leverage looking ahead. A growing, aging and more active population in mature markets. The growing penetration and usage of our products in developing markets as families reach a certain level of disposable income. We will also benefit from considerable shifts in consumer behaviors.

POSITIVE UNDERLYING TRENDS

The global underlying socio-demographic trends are positively driven by a growing population, the emergence of a more active aging population (and the gradual removal of taboos around incontinence) and greater penetration and use of hygiene products as buyers in developing markets reach a certain level of disposable income.

There are also considerable shifts in consumer behaviour, not least the growth of e-commerce in all our categories. Shoppers are also looking for smart, affordable choices that don't compromise on quality nor sustainability. Many consumers are looking for alternative 'lifestyle' brands. These brands are growing fast and rely on the expertise and innovation of companies like us to help them capture this market.

The search for convenience provides new opportunities for value growth as consumers look for alternative solutions to meet their

GROWING NUMBER OF USERS...	... WITH INCREASING USAGE OF PRODUCTS... Per capita daily/monthly consumption 2020[1]				... AND INNOVATION TO DRIVE VALUE
	NORTH AMERICA	EUROPE	LATIN AMERICA	RoW	
~ Flat number of babiesaged 0-2 by 2030	5	4	3	1	• **Baby pants: 95%** of value growth, price index vs. diapers at >120 • **Natural and sustainable : ~70%** growth p.a. in Europe
+480m people above 45 years old by 2030	10	4	1	1	• **Adult pants and light inco: 85%** of value growth, at higher margins (retail Europe) • **Services: 80+%** interest from Institutions for **continence management**
+140m women aged between 12 and 49 by 2030	23	25	15	10	• **Natural and sustainable** components: **50%** growth p.a. in USA

1. Daily consumption for Baby Care and monthly consumption for Adult Care and Feminine Care for consumers in the target group.

Market trends

“Market trends vary by region but four general ones stand out: comfort and performance; safe for me (people are looking for safety for themselves and their children, ie no use of harmful substances or perceived use of harmful substances); safe for the planet (a trend which is constantly increasing) and finally, well-being, where skincare plays a very important role. This means that we have to adapt our offering. For example, some regions insist that cotton and naturalness is the way to go while others are happy to go with other materials so long as we can show that they are safe and that you can prove that there are no harmful chemical traces. It is the same with skincare. The emollient use in Brazil will not be necessarily the same as the one you use in Europe.

ANNICK DE POORTER, EXECUTIVE VICE-PRESIDENT R&D, QUALITY & SUSTAINABILITY

SOCIO-DEMOGRAPHIC UNDERLYING TRENDS ▶

- Demographics growth
- Ageing population
- Economic development

SHIFTS IN SHOPPER AND CONSUMER BEHAVIOURS

- Smart choices
- Lifestyle brands
- E-commerce
- Convenience
- Homecare
- Sustainability

needs, manifested for example in baby or adult pants replacing traditional diapers.

In the adult care segment, we also see a migration from care institutions to home care, which has intensified as a consequence of Covid-19.

CATEGORY DEVELOPMENT

While there are general trends driving market growth, each of the categories in which we participate display good potential for value growth.

Baby Care

While birth rates over the next ten years are predicted to be stable[1], this does not translate into a stagnant market. Developing economies offer a rich potential: North American daily consumption of diapers per capita is five times higher than that of emerging countries.

Growth is set to be stimulated by a change in product mix as consumers move to more convenient products. Most of the value growth in the category in recent years has been down to the increase in sales of higher margin baby pants.

Adult Care

Adult care has two main growth opportunities: the increase in the aging population[2] and the development of emerging economies. As an illustration of the potential, the monthly consumption of adult care products in the US is ten times higher than in developing countries. There is also a trend towards pants and light incontinence products for adults where the margins are higher than the rest of the category. In addition, care

© Greenbrand.be

institutions are increasingly looking for integrated solutions to manage incontinence, not only products but associated services as well.

Feminine Care

The number of women in the population is expected to grow[3] and, together with economic development, points to a further growth opportunity. Monthly consumption per capita in Europe, for example is 2.5 times higher than in developing markets[4]. There is also an opportunity in the shift towards natural more sustainable components.

1,3,4. Source: Euromonitor.

2. By 2030 there are expected to be 500 million older people (over 65) in the world (source: Euromonitor).

Our strategy

Capture profitable growth

> “We are an international company deeply rooted in local markets and locally driven innovation, and ever conscious of the role we need to play in the communities we serve.
>
> **ESTHER BERROZPE GALINDO, CEO**

As can be seen in the Market Review **SEE PAGE 11** and in other sections of this report, we believe the personal hygiene market is full of opportunities. Ontex is well-positioned to make the most of them. We are the leader in European retailer brands. We have strong positions in Healthcare to benefit from the market growth. We have strong brands in important developing markets, both in Baby and Adult Care. And we are a key partner for fast growing ‘lifestyle brands’ which keeps us connected with new trends and helps shape our innovation pipeline.

In addition to leadership changes, including the appointment of a new Chairman and a new CEO, the Board of Directors created a specific Strategy Committee in the latter half of the year to re-examine our strategic priorities and expedite decision-making and execution. Our focus remains on delivering profitable growth but the implementation plan was still ongoing as we published the 2020 Annual Report. The diagram and text below outline the direction.

In conjunction with the changes to strategy, the remuneration policy is being revised to tie management compensation more closely with company performance.

Our strategic priorities cover four key areas underpinned by our environmental and social responsibilities and the culture and nature of our organization. In broad terms, our new strategy will entail:

- Simplifying our business, brands and product portfolio.
- Restoring a customer-first culture, restoring confidence and strengthening relationships through unfaltering customer service.
- Refocusing our innovation efforts so that we optimize R&D spend and increase the cadence of new products and solutions.
- Leveraging our industrial scale to reduce costs and maximize our competitiveness and, in doing so, restore our leadership in manufacturing excellence.

Sustainability strategy

We updated our sustainability strategy in 2019 to ensure that we continue to make a positive difference for the planet. The work towards our 2030 goals with the support of different sector associations continued in 2020. The efforts were also recognized by a number of evaluating organizations.

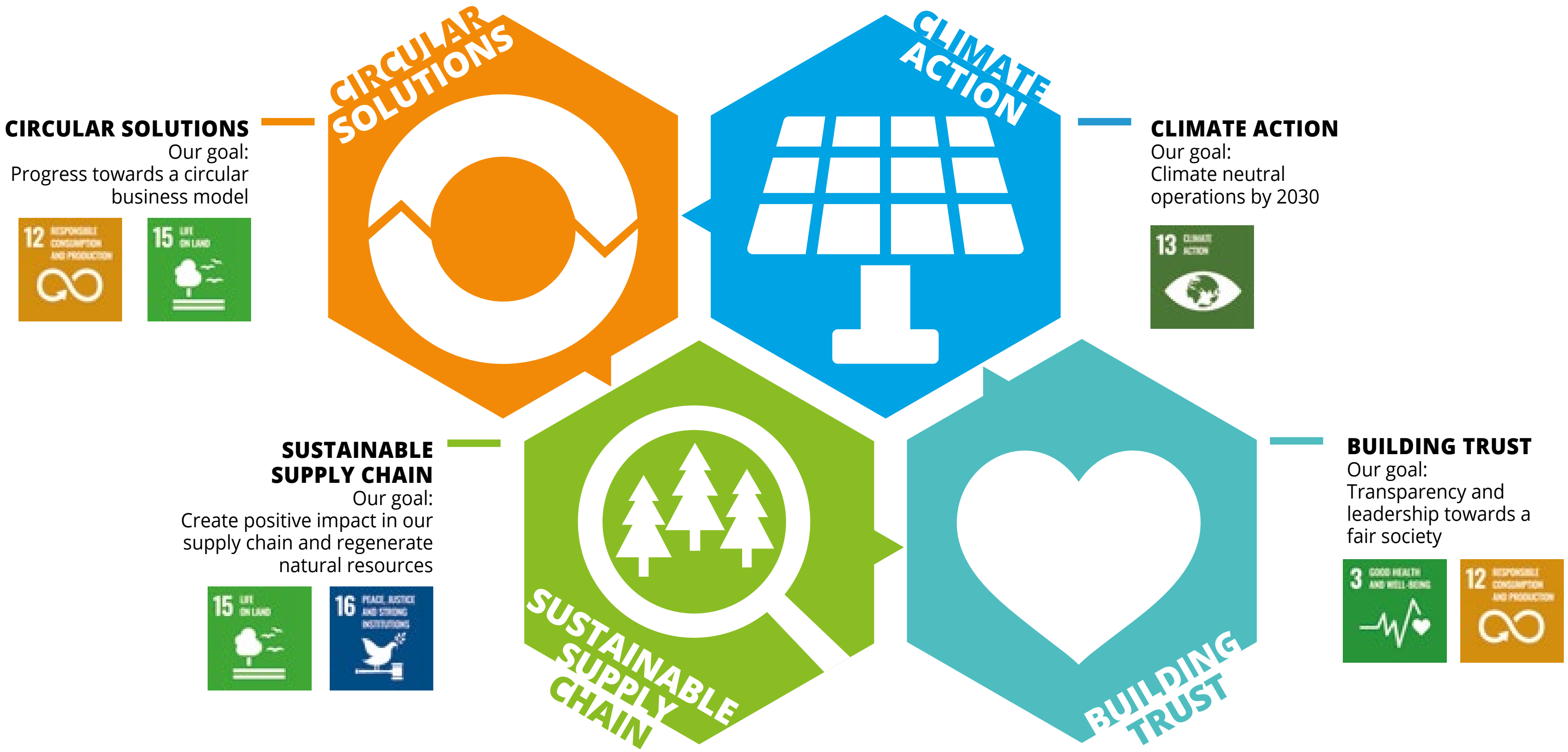
UN SDGS

Our sustainability strategy is based on the UN Sustainable Development Goals (SDGs). It covers the period up to 2030. It acts as a common agenda for the Ontex group and sets goals for us, our suppliers as well as other actors in our value chain.

THE PILLARS OF OUR STRATEGY

Our strategy is to take action on four key pillars. While they each have their own set of goals, they are intrinsically connected. For example, circular solutions will have an impact on climate change, while continuing to avoid human rights issues in our value chain will increase trust.

> “Our people are critical to our ability to achieve our goals in a responsible and sustainable manner. In spite of disruption caused by the pandemic, we made progress in the four pillars of our sustainability strategy during 2020.
>
> **ELISE BARBÉ, GROUP SUSTAINABILITY MANAGER**



Strategy

THE MAIN TRENDS IN SUSTAINABILITY

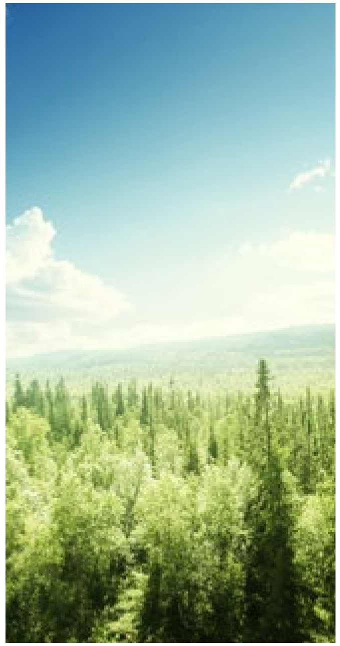
Climate action
- growing corporate commitment to net-carbon targets
- renewable electricity prices falling
- pressure on financial institutions to decarbonize portfolios

Circular economy
- single-use plastics out, recycled and bio-based materials in
- diaper recycling & producers' responsibility

Creating transparency throughout the supply chain
- human rights and responsible sourcing
- transparency on raw material composition

Safe and pure products
- healthy for the consumer and healthy for the environment

TO SUPPORT LOCAL COMMUNITIES HIT BY THE COVID-19 PANDEMIC, ONTEX TEAMS IN 15 COUNTRIES DONATED MORE THAN 4 MILLION PERSONAL HYGIENE ITEMS TO VULNERABLE PEOPLE IN SOCIETY.

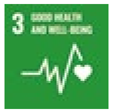


OVERVIEW MATERIAL TOPICS & UN SUSTAINABLE DEVELOPMENT GOALS (SDG'S)

MATERIAL TOPICS

	CLIMATE ACTION	CIRCULAR SOLUTIONS	BUILDING TRUST	SUSTAINABLE SUPPLY CHAIN
This report focuses on our four sustainability pillars, which include 11 material topics with significant economic, social or environmental impact. SEE PAGES 163-165 FOR INFORMATION ABOUT OUR MATERIALITY PROCESS	• Climate change	• Production waste management • Sustainable products	• Safe workplace • Business ethics • Open dialogue with stakeholders • Talent development • Diversity and equal opportunities • Community involvement	• Sustainable raw materials • Human rights in value chain

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The material topics and sustainability goals discussed in this report correspond with six of the 17 United Nations Sustainable Development Goals (SDG). READ MORE ABOUT OUR CONTRIBUTION TO THE SDGS	 			 

Stakeholder engagement

— We are a publicly listed company. Many parties have an interest in the way in which we conduct our business and that's why stakeholder engagement touches everything that we do. As Ontex teams are part of the communities in which they work, most of our efforts focus on local aspects, those that are close to our plants, offices and the communities for which we provide essential personal hygiene solutions.

"The good participation rate of our People Survey showed high levels of engagement and there was clear appreciation of the work done to maintain the safety of our people during the pandemic.

ASTRID DE LATHAUWER, EVP HUMAN RESOURCES

We realise that the relationships that we establish and nurture with stakeholders have a direct impact on our success. All our sites are required to identify their respective stakeholders and establish the best ways of engaging with them.

Our stakeholder relationships were further strengthened by the measures we took in 2020 to try to help alleviate the effects of the COVID-19 pandemic. The number of our products donated to charitable causes exceeded 4 million worldwide, and there are other examples of actions we took throughout this report and here below.

DIRECT FEEDBACK

The executive management committee receives direct feedback from stakeholders via visits to customers and suppliers, as well as employee and investor meetings. Our executives also get information from Ontex's Divisions, departments or workers' representatives through regular briefings. The third-party audits conducted at our plants are also a good source of feedback.

INDUSTRY-WIDE ACTION

We actively participate in industry associations. This enables us to engage with policy makers and contribute to a better understanding of industry-related issues. These associations are also important platforms for us to contribute to broader, industry-wide action on sustainable development.

MORE DETAILS REGARDING THE ORGANIZATIONS WE WORK WITH ON PAGE 17

On a regular basis, we conduct a formal stakeholder consultation for sustainability – the materiality assessment – but owing to COVID-19 we decided to postpone the work in 2020.

EXAMPLES OF STAKEHOLDER ENGAGEMENT DURING 2020

Even in the constrained circumstances of 2020, we managed to engage with our employees through our People Survey. The good participation rate showed high levels of engagement and there was clear appreciation of the work done to maintain the safety of our people, reinforced by positive comments from third parties like union representatives. READ MORE ON PAGE 34

CLOSE CONTACT WITH CUSTOMERS

The onset of the pandemic called for agility and even closer contact with our customers. Our cross-functional customer teams introduced more frequent planning meetings with our customers to ensure the smooth and safe supply of products. The regular interaction also helped to manage fluctuations in demand during the early stages of the pandemic. We are proud of the work we did to assure deliveries to customers, patients and consumers in shelter-at-home situations.

We set up planning sessions to increase the recycled material content in our packaging. While recycled content differs from customer to customer, we can offer up to 100% recycled content. We also help our customers to make informed choices by marking our products with the relevant eco-labels.

Stakeholder engagement

FACE MASK PRODUCTION
At the onset of the pandemic, we took the initiative to start a production line for face masks to help protect essential workers in hospitals and care homes, as well as our own employees. Our more than 40 years of experience in personal hygiene enabled us to quickly install the line and it was up and running within 100 days of the decision being taken.

READ MORE ON PAGES 9 AND 27

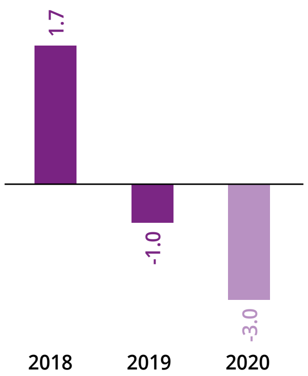
The table opposite provides an overview of how we engage with our stakeholders, the topics of concern expressed by the respective stakeholder groups and how we try to address them.

STAKEHOLDER GROUP	HOW WE ENGAGE	KEY TOPICS OF CONCERN	OUR RESPONSE
Customers	• Monitoring product sales • Contact through our sales team • Regular customer visits • Joint business planning • Surveys and research	• Product quality/safety • Carbon footprint • Smart, innovative solutions • Eco-labeling • Sourcing • Innovation • Working conditions • Human rights • Consumer insights • Single-use plastics • Evolving regulations	• Sustainable manufacture/production • Offering more eco-labeled products • Ensuring safe and healthy working conditions • Responsible and documented sourcing • Sustainable innovation • Ethical operations • Training for our institutional customers • Strenghten Product Stewardship
Consumers	• Consumer panels and focus groups • Social media networks • Monitoring product sales • Surveys and research	• Product quality & safety • Environmental impact of our products • Product labeling • Innovation • Service	• Ensuring consumer health and safety • Reducing the environmental impact of our products • Offering more eco-labeled products • Sustainable innovation • Customized products addressing local needs
Employees	• Recruitment • Personal development reviews • Surveys • Union/worker representative meetings • Internal and external audits • Internal communication via intranet, staff • updates, newsletter • Community and employee well-being projects • 'Speak Up' line • Social media & website	• Health & Safety • Working conditions & remuneration • Equal opportunities • Business ethics • Leadership • Personal development	• Ensuring safe and healthy working conditions • Ensuring business ethics • Supporting diversity and equal opportunities • Training and education • Graduate program • Internal mobility • Talent development • Leadership competency model • Personal Growth Plan • Third-party social audits
Investors	• Ongoing dialogue with investors/ analysts • Investor presentations/meetings • Annual General Meeting • Quarterly earnings reports and webcasts • PR • ESG indices and information requests	• Governance • Business ethics • Risk management • Environment/carbon footprint	• Clear and transparent governance framework & sustainability strategy • Business ethics • Responding to ESG indices to enhance transparency • Publishing a yearly integrated report including ESG data
Suppliers	• Visits and meetings • Supplier conferences • Procurement • Supplier tracker	• Raw material sourcing • Business ethics/human rights • Management systems • Quality • Innovation • Material safety • Evolving regulations	• Purchase all agriculture and forestry material from certified suppliers • Suppliers audits • Supplier Code of Conduct • Requirements and documentation on material safety & quality
Communities and non-governmental organizations	• On-going dialogue • Partnerships on common issues • Memberships of business and industry associations • Charitable activities • Information requests from academics and students • Corporate website	• Human rights • Environment • End-of-life waste • Consumer health and safety • Local community involvement • Medical face mask production to meet urgent need	• Affordable personal hygiene solutions • Ensuring consumer health and safety • Research • Chemicals/quality protocols/policies • Donations

Our Key Performance Indicators

2020 in figures

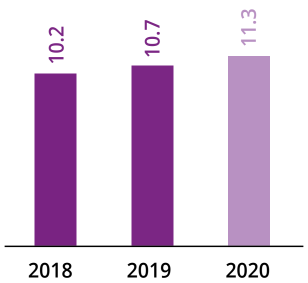
LIKE-FOR-LIKE REVENUE GROWTH[1] (%)



SEE MORE ON PAGE 51

1. Like-for-like revenue is defined as revenue at constant currency excluding change n scope of consolidation or M&A.

ADJUSTED EBITDA MARGIN (%)



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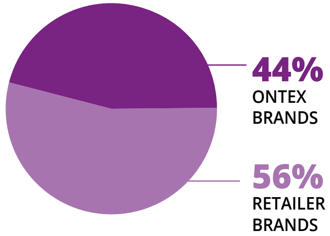
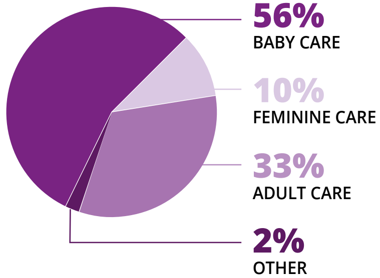
BALANCED PORTFOLIO

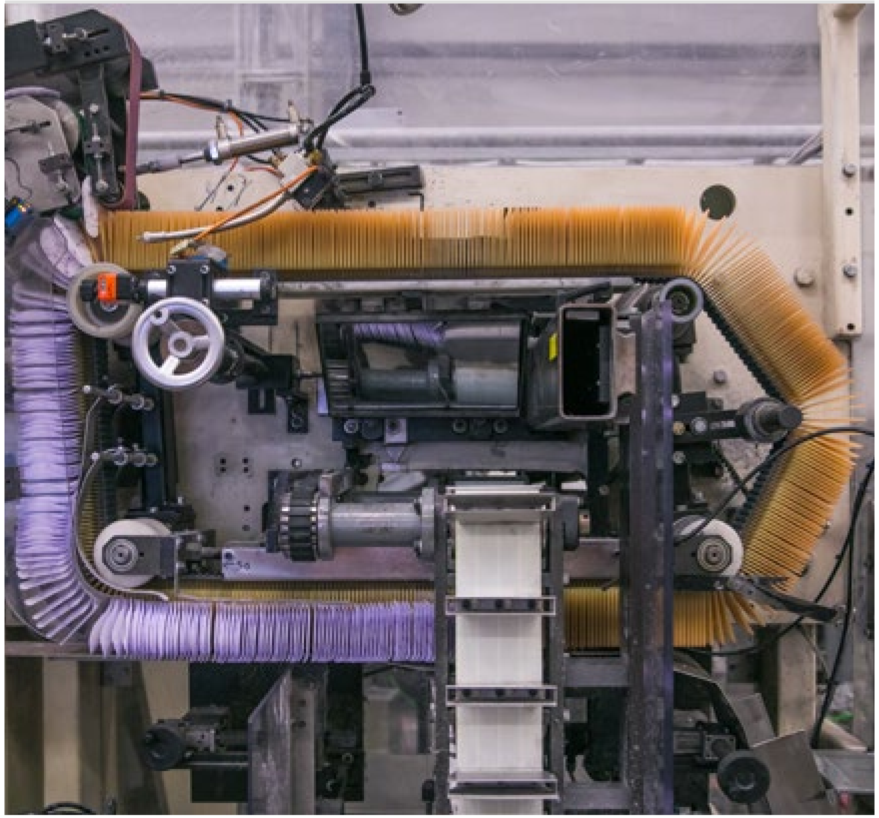
1. Brands (%)



2. Categories (%)

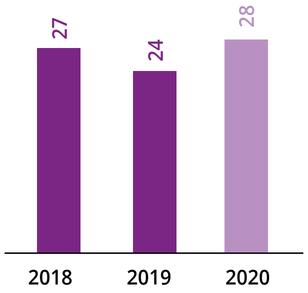


Our Key Performance Indicators



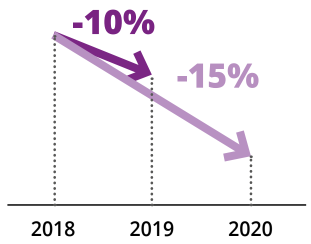
FEMALE MANAGEMENT (%)

Be an inclusive and diverse capabilities-driven employer



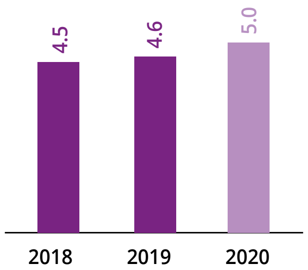
EMISSIONS REDUCTION (% VS 2018)

Reduce our absolute scope 1-2 carbon emissions with 50% by 2030 (vs 2018)



SEE MORE ON PAGE 41

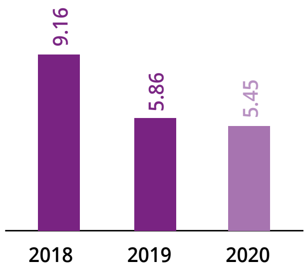
CAPEX SPENDING (% NET SALES)



SEE MORE ON PAGE 51

HEALTHY AND SAFE WORKING CONDITIONS[1] (FREQUENCY RATE)

Continue to decrease the number of accidents towards a vision of zero accidents



SEE MORE ON PAGE 27

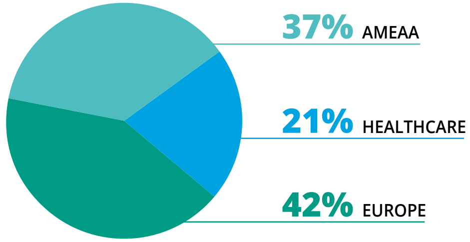
1. The number of labor accidents per million worked hours.

Three Divisions and industrial operations

Our commercial activities are organized in three Divisions: Europe, which is predominantly focused on retailer brands; Americas, Middle East Africa and Asia (AMEAA), which is predominantly focused on local brands; and Healthcare which continues to focus on the institutional markets and dedicated incontinence brands.

In addition, Group Manufacturing and Supply Chain are grouped into Industrial Operations, with a focus on production efficiency and customer service excellence.

ONTEX REVENUE 2020 : 2.09B €



AMERICAS, MIDDLE EAST, AFRICA AND ASIA DIVISION

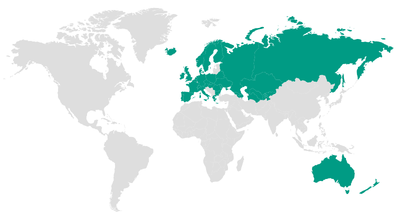
The AMEAA Division predominantly focuses on local hero brands. Sales and marketing activities are split into four geographical areas: North America, Mexico and Central America, South America, MEAA (Middle East, Africa & Asia).

774M €
REVENUE IN 2020

EUROPE DIVISION

The Europe Division is predominantly retailer brand focused. It comprises two geographical areas:

- Area UK/Ireland, Australia/New Zealand, France and Iberia, Italy & Greece
- Area Belgium/Netherlands/Nordics, Russia, CIS, DACH, Poland and CEE
  Contract Manufacturing also reports into this area.

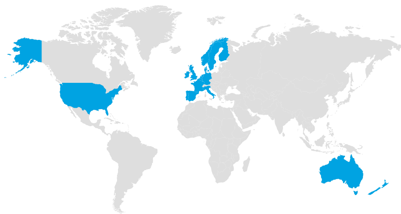


872M €
REVENUE IN 2020

HEALTHCARE DIVISION

The Healthcare Division continues to focus on the institutional markets and dedicated incontinence brands. Marketing is organized on a divisional level, with dedicated support at area level. The sales activities are split into three geographical areas.

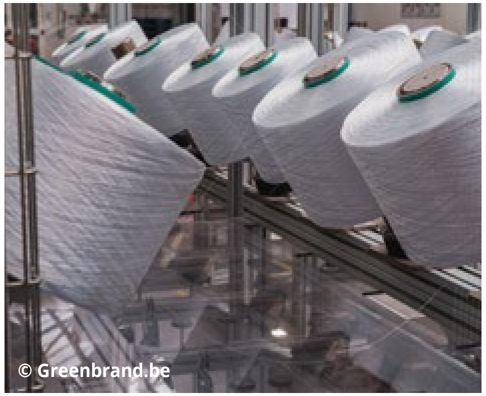
- Australia & New Zealand
- Area North: France & Belux, Germany, UK & Ireland and distributors
- Area South: Italy and Iberia.



441M €
REVENUE IN 2020

INDUSTRIAL OPERATIONS

To be effective, we produce our goods as close to our customers as possible. This minimizes transportation costs and environmental impacts. We focus rigorously on the elements that enable us to operate predictably and at high levels of efficiency.

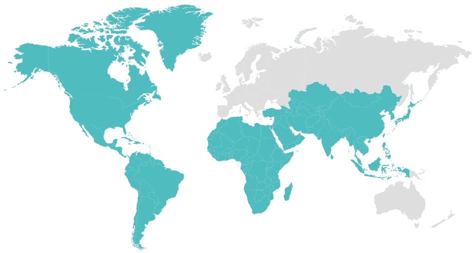


Americas, Middle East, Africa and Asia

Solid performance in difficult year

— The AMEAA Division predominantly focuses on local hero brands.

774M €
REVENUE IN 2020



PERFORMANCE
2020 revenue in the AMEAA Division remained essentially at the level of 2019 as the overall market contracted. Our double-digit growth in the US and Brazil (where improvements to our brands and route to market have made our business more competitive) helped offset a reduction in revenue in other regions, caused predominantly by the spread of the COVID-19 pandemic. In most of our economies, although our products are classified as essential, when consumers had to choose between food and diapers, they tended to spend less on the latter.

Our US volumes grew significantly as key US retailers continued to embrace our business and business model. In a key strategic move, we announced the construction of a new production plant in North Carolina (opening in the second half of 2021) to serve the US east coast. This will make us the only supplier to key retailers in our retail brand category with east and west coast manufacturing. We also acquired some feminine care assets, which are helping us to step-change our presence in this category in the US.

RESOLUTE RESPONSE
We adopted the global Ontex protocol to cope with the COVID-19 situation and put the safety and protection of our people first. I am proud to report that the quality and sustainability of the Ontex culture shone through at all levels of the Division. Our people responded with fortitude to meet customer demands and there were no major lost sales or noteworthy disruptions to our supply chain.

REGAIN AGILITY
Our main large competitors took aggressive stances with widespread promotional activity in most markets. Our commercial responses were necessarily very localized. In some markets, we increased promotions in others we changed product offering. Agility was the key.

ACQUISITION OF FEMININE HYGIENE PRODUCTION ASSETS AND NEW HYGIENE PRODUCT PLANT IN THE U.S.
The building of a new personal hygiene product plant in the eastern part of the US signals our intent in this market. Our solid performance to date and the interesting growth prospects were key elements in our decision to establish local production in the eastern United States. Approximately half the US population lives within a 1,000 km/650-mile radius of the new plant in North Carolina.

“Dealing with the direct and indirect effects of the pandemic consumed the majority of our time and attention in 2020 but we delivered on most of our promises. Looking ahead, we expect that our markets, underpinned by solid demographics, will recover the pace of growth they once enjoyed.

ARMANDO AMSELEM, PRESIDENT, ONTEX AMEAA DIVISION

Americas, Middle East, Africa and Asia

SAFER PRODUCTS

Digital is a growing trend, but there is also a movement towards 'safety' and 'locally produced' in personal care products. Consumers tend to equate local with safer, especially in developed countries. And this is happening across a whole range of consumer products, not just in our categories.

We implemented measures (such as removing layers of management) in a number of markets to accelerate decision-making. This will allow us to speed up response times, remain flexible and establish a key differentiator.

We also focused on what is important for the Division, discontinuing some brands in some countries and being more cautious about geographic expansion. For example, in Africa, we will now concentrate on our established markets and try to further exploit their potential.

DIGITAL STILL A NASCENT AREA

Digital and direct-to-consumer channels generally grew significantly during the year from a small base. Digital today accounts for a very small part of our total divisional revenue. We are focused on upping our digital capabilities across the Division, and while we exploit the Ontex Group's digital resources and knowledge, commercial initiatives with the big online retailers are necessarily driven locally.

CUSTOMERS DEMAND MORE

The demand for eco-products remained strong. We are one of the most important producers of organic cotton tampons for the US market and the business continued to grow. Increasing the percentage of sustainable materials in our products is one of our key strategies for growth. We continued to see already recognized eco-brands ratcheting up their demands. This complements the work we are already doing on reducing consumption of raw materials, energy and increase transparency on product and raw material composition.

MARKET SET TO RETURN

The pandemic involved a lot of extra costs (such as hiring temporary labor while still paying our permanent workforce) and weakened our markets. It also intensified competition. Despite these setbacks, AMEEA as a whole remained robust and is well placed when the market returns to growth.

MORE THAN
4 million
ITEMS DONATED TO CHARITY DURING THE PANDEMIC IN 15 COUNTRIES AROUND THE WORLD

BRAZIL BACK ON TRACK

The measures introduced in the last couple of years to improve the business have paid off. We made significant changes in the way we went to market, changing our distribution and cutting costs. Our headcount reduction made us more agile and reactive. It is still a very competitive market but we are now better equipped to respond to the challenges.




BUILDING TRUST

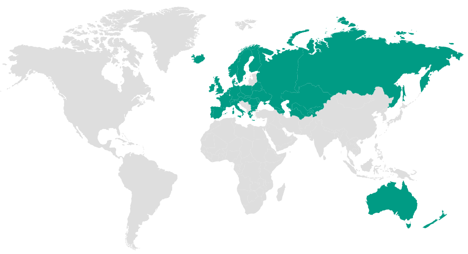
OUR AIM IS TO BE CLOSE TO THE COMMUNITIES IN WHERE WE WORK AND WE HAVE BEEN VERY ACTIVE IN SUPPORTING LOCAL ORGANIZATIONS WITH OUR PRODUCTS. AMEAA CONTRIBUTED SIGNIFICANTLY. SOME FOUR MILLION PRODUCTS WERE DISTRIBUTED ACROSS ITS VARIOUS MARKETS.

https://ontex.com/sustainability/building-trust/covid-19-ontex-donations-and-donation-policy/

Europe

Lost business and reduced brick and mortar revenue

— The Europe Division is predominantly retailer brand focused serving retail customers who need help to design, manufacture and market personal hygiene products sold under their own brands. It serves markets from Europe and Russia to Australia and New Zealand.



872M €
REVENUE IN 2020

“Ontex has a strong and broad base of relationships with large key customers across Europe. It was a tough year for all of us but we used the opportunity to grow closer to our customers and introduce changes aimed at equipping us for the future.

LAURENT NIELLY, PRESIDENT, EUROPE DIVISION

PERFORMANCE

Our markets in 2020 experienced exceptional demand volatility as well as intense competition. We worked closely with our broad customer base to ensure uninterrupted availability of essential, daily-use hygiene products but the loss of a number of contracts and changes in consumer habits related to COVID-19 had an overall negative effect on revenue with all three categories suffering from loss of volume. Like-for-like business performed respectably and there was success in a number of segments, for example, our direct-to-consumer baby diaper offering.

PROTECTING WHAT IS PRECIOUS

Our first priority was how to respond to COVID-19, ensuring the safety of our own people and working with customers to adapt to the new situation. We implemented the necessary safety measures immediately and increased the intensity of communication internally. The resilience, agility and focus of our organization were outstanding. We postponed some planned product launches to ensure delivery of key priorities, for example, implementing different stock level on key products, which required substantial investment from our side. But we have emerged stronger. The number of awards we received from customers in 2020 was very encouraging for our people and reflects the magnitude of our efforts.

ENSURING WE ARE AGILE

We simplified the structure of our business and made it leaner to enhance agility and speed to market, especially in key areas such as innovation. We introduced dedicated multifunctional teams with representatives from commercial, marketing, R&D, supply chain, and manufacturing to enhance joint value creation with customers.

ONTEX RECEIVED WOOLWORTHS FOODCO SUPPLIER OF THE YEAR AWARD, SYDNEY 2020.

Europe

CLOSER THROUGH DIGITAL

The COVID-19 pandemic has reshaped the retail world. As consumers turned to on-line shopping in greater numbers and with more frequency, winning on-line became increasingly important. During the year, we started to embed e-commerce in our daily business with customers to address this new retailer landscape.

We strengthened our collaboration to help develop customer websites, boost shopper and user experience and improve the on-line presentation of our products. The collaborative work included optimizing product images and descriptions, as well as enhancing content, share of search, filters, digital activation, reviews and ratings, cross and up-selling and category-specific experiences — all with a view to optimizing the digital touch points for success and helping our clients to win on line.

Our goal is to be the strategic partner for our clients, supporting them both on and off-line so that they can offer consumers a compelling omnichannel shopping experience.

WORKING WITH CUSTOMERS ON SUSTAINABLE SOLUTIONS

Over and above the drive to use more and more natural materials, we continued to work with customers in two main areas: eco-certified products and recycled/recyclable packaging. Today, 41% of our turnover comes from products with one or more eco or health labels.

CLOSER AND BETTER

2020 brought us closer to many of our customers. With this strong base, and a new more focused organization, we remain confident of the future. New products in the pipeline are set to accommodate the changing consumer habits we saw in 2020. We have established a strong presence in customers' e-commerce channels and with pure e-commerce players. All this is aimed at driving our business forward profitably.

STEWARDSHIP PROGRAM

Ontex supports the Edana (European Diaper and Nonwoven Association) Stewardship Program for Absorbent Hygiene Products.

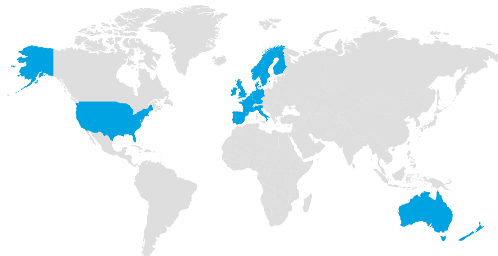
This program consists of three core elements: a list of chemicals (substances potentially present at a trace level), guidance values (levels which the listed impurities should not exceed) and standardised test methods. Ontex commits not to exceed the guidance values mentioned.

ONTEX NOW OFFERS PACKAGING WITH RECYCLED CONTENT

As part of our Ontex sustainability strategy 2030, Ontex started offering packaging solutions made with recycled content. Our R&D Packaging team has concluded the development of new packaging options. Bags with up to 100% recycled plastic are available in the portfolio to the interested customers.

This new step helps Ontex to close the cycle and integrate our packaging into a circular economy and a more sustainable business model.

Resilient performance despite pandemic



441M €
REVENUE IN 2020

— The Healthcare Division focus predominantly on institutional markets and a number of dedicated incontinence brands. Our smart and affordable products and services make a major contribution to the quality of life and dignity of end users.

"Healthcare produces essential items. Our people understand this. Despite the conditions experienced in the year, we compensated creditably for any loss of business and continued to focus on the dignity of the patient, showing, internally and externally, that we care.

XAVIER LAMBRECHT, PRESIDENT, HEALTHCARE DIVISION

PERFORMANCE

Healthcare showed a good degree of resilience in the challenging COVID-19 environment. Revenue remained comparable with 2019. Sales to institutional channels were down but there was an increase in others such as pharmacies, and positive trends in e-commerce and self-pay channels. We also saw higher home delivery revenue. The results are confirming that our ongoing strategy is the right one.

Demand for Adult Inco products in hospitals and nursing homes was lower as all unnecessary care was postponed. There was reduced occupation of hospital beds, and in nursing homes, patient levels dropped significantly owing to COVID and the lower intake of new patients.

The private nursing home groups sector developed as anticipated. Progress was encouraging especially in France and in the United Kingdom where we took over the accounts to supply two of the main players.

RISING TO THE CHALLENGE

The fact that we managed to carry out our duties in a professional and compassionate way, and continued to perform and deliver, speaks volumes for the resilience and determination of our business and people and the appropriateness of our products.

Absenteeism was low, and our people's creativity and adaptability ensured that we remained on track with our supply schedules. Thanks to their efforts, we could carry on very much as usual commercially despite the lack of face-to-face contact. We introduced measures to ensure regular interaction between colleagues, such as weekly calls, and adapted our ways of working.

WE RESPONDED QUICKLY AND POSITIVELY TO THE PANDEMIC. OUR FACE MASK PRODUCTION CAME ON LINE IN THE SECOND HALF OF THE YEAR.

Healthcare

ONTEX RECEIVED A DISTINGUISHED CITIZEN AWARD IN BELGIUM IN JANUARY 2021 RECOGNIZING ITS WORK IN HELPING TO COMBAT THE PANDEMIC IN 2020.

SAVE RAW MATERIALS

In 2020, we continued to conduct research into reducing the amount of raw materials we use in our products while achieving equal or better performance. In terms of material reduction, the new design of our pants for heavy incontinence uses less material (reduction of 13% since 2014) which means less material goes to waste.

WE STARTED TO TEST OUR OWN SMART ADULT DIAPERS ON A SMALL SCALE IN A BELGIAN CARE HOME.

EMBEDDING AGILITY

We increased our speed of action and response time by transferring more activity and decision-making to the market rather than head office. We will continue to focus on our agility.

DIGITAL DEVELOPMENTS, ON VARIOUS FRONTS

While volumes remain relatively modest, we regard digital as an important channel. We significantly improved our digital offering, actively developing our own websites and those of our partners and we saw a substantial increase in online sales.

We also continued to invest in online training tools so that people can understand how to make the best use of our products. In a year such as this, these tools played an even more critical role for our customers.

In terms of products, we started to test our own smart adult diapers on a small-scale in Belgium. The initial results are positive in reducing overall usage and leakage, and generally facilitating care. The product helps ensure the dignity of the patient and makes life easier for carers. It also reduces the amount of diapers going to waste, and therefore has a positive environmental impact.

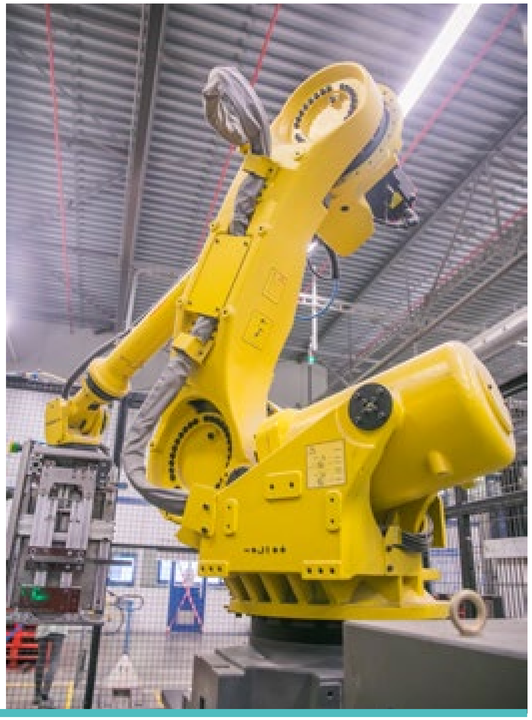
LEARNING LESSONS

This last year has taught us a lot. We will use those lessons to keep us agile and responsive. In the end, a lot of our work is to reassure. The fact that we have been able to do that successfully at a distance has taught us many valuable lessons which we will take with us as we continue to grow the business.

OUR BRANDS SPECIFICALLY ADDRESS THE NEEDS FOR DISCRETION, PROTECTION AND DIGNITY IN INCONTINENCE SOLUTIONS.

Outstanding operational resilience

— Our aim in operations is, first, to ensure the safety of our people and, at the same time, to run our production facilities with the celebrated efficiency of Swiss clocks, continually improving each year against an agreed set of measures. The COVID-19 pandemic presented a stiff challenge but we managed to sustain service for our customers.



REPEATING THE MODEL

The new site that we are building in North Carolina to help serve our growing US business will use much of the work that we have done at the factory in Radomsko, Poland.

As a supplier of essential goods, we had to keep our operations running and the supply chain filled. We had at times high levels of absenteeism but all our plants remained open and there was no major impact on service levels, even when we faced some constraints in our upstream supply chain. We overcame all difficulties thanks to the outstanding resilience and determination of our shop floor and factory employees, and this was recognized with five extra days' vacation.

SAFETY FIRST

Our focus on safety was unrelenting even though much of the planned training had to be remote. We continued to invest at all levels, especially on the lines, and safety is now part of the performance management system.

Our safety figures did not advance as much as we had expected, after step-change improvements in previous years. There were some outstanding performances, however. In Pakistan, for example, we have now gone three years without an accident.

RAPID RESPONSE TO NEW SITUATION

We set up a face-mask production line within 100 days from order at our factory in Eeklo, Belgium, to supply our own needs as well those of Healthcare customers.

We rapidly implemented new hygiene procedures in every plant, including social distancing on production lines as well as public spaces such as cafeterias, and regularly checked that procedures were being followed. Sales and Operation Planning changed from a monthly to a weekly cycle to ensure full control and utmost agility.

The COVID-19 experience reinforced the importance of the need for close and regular contact, and we have grown even stronger as a team. We will incorporate the 'lessons learned' from regular, virtual interaction into our future work.

"We did everything in our power to ensure the health and safety of our employees and the supply of our essential goods. The agility with which operations adapted to the spread of the pandemic was awesome. I am very proud of how we acted.

AXEL LOEBEL, EXECUTIVE VICE PRESIDENT OPERATIONS

Operations

STREAMLINING OPERATIONS

Our trials with Autonomous Manufacturing Units (AMU) and a line-centric organisation continued successfully. In short, AMUs help create greater ownership of lines by the people operating them. The new way of working increases understanding and continuity and, ultimately, manufacturing efficiency. The new AMU setup has already been introduced to most of the European plants and will be applied to the remaining sites in 2021.

The roll-out of the new manufacturing excellence model, OMEX, continued, along with the SAP maintenance system. Both will contribute to increase the overall equipment effectiveness (OEE) of the lines which positively affect the transformation costs. While we had to switch coaching to remote mode, the situation allowed us to see which factories could manage virtually and those that required more on-site presence, which will serve us well going forward.

We leveraged the dedicated OMEX (Ontex Manufacturing Excellence) team to share best practice on big-ticket items, such as optimization of raw material usage, through weekly meetings with plant managers and manufacturing VPs, and the results are encouraging.

SUSTAINED SERVICE LEVEL

As the pandemic hit, Ontex employees around the world went above and beyond and kept supplying customers. Easter in Italy is a major holiday - in some ways, even more important than Christmas. Despite its significance, the workforce at the Ontex plant in Ortona (Italy) volunteered to work over the Easter period to ensure that there would be no interruption to the supply of Healthcare products. Buona Pasqua, indeed!

SEGOVIA SOLAR PANELS

Ontex inaugurated a large solar rooftop at its factory in the province of Segovia, Spain. It was another step towards becoming carbon neutral in operations by 2030. Since 2017, all of our European factories run fully on electricity from renewable sources, combining on-site production with the purchase of renewable electricity.

Operations

RESILIENCE, COST, SAFETY AND QUALITY

Our priorities in 2020 were to keep the momentum going — to make the business model more resilient; to be cost competitive; to improve safety; to ensure product quality and be a better service partner.

COVID-19 curtailed our plans. We put the roll-out of the mini-transformations (the deployment of new practices) at our factories on hold. We postponed several product-related initiatives requiring validation on lines, and there were delays in collaboration plans with suppliers and customers. But even though our focus was diverted, the work continued, albeit less intensively.

An opportunity to pressure test

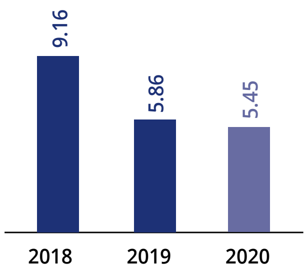
Ontex Manufacturing Excellence (OMEX) relies on a number of group manufacturing excellence experts and small teams at each plant to develop and roll out standards and methodologies. We work plant by plant because each plant has its own special needs. Practices are based on three key principles all the while driving a safe working environment: leadership to drive empowerment of the shop floor; ownership to engage and align everyone to zero losses, and methods and tools which entails the roll out standardized procedures, tools and processes and best practice sharing.

We streamlined operations bringing Supply Chain closer to Manufacturing to work as one effective and agile unit. This integrated, hands-on approach will result in better levels of service for our customers. We also integrated the majority of our change agents (people who build capability) into key leadership roles in Manufacturing and Supply Chain to continue the T2G (Transform2Grow) work.

DIGITAL ADVANCES REDUCE MANUFACTURING COST

Process control is essential to efficiency, and in 2020 we introduced an in-house developed data collection system that we are trialling at Radomsko (Poland), our lead plant for line speed-up trials. Our target is to leverage the work being done there to improve productivity and transform cost reduction (labor, energy and depreciation per diaper) across the business.

HEALTHY AND SAFE WORKING CONDITIONS[1] (FREQUENCY RATE)



1. The number of labor accidents per million worked hours.

ENVIRONMENTAL WORK CONTINUES

Our search for environmental solutions continued unabated. We purchase electricity from renewable sources, where available. During the year, we installed solar panels at our plant in Spain. All of our European plants and two out of three Ontex plants outside of Europe operate with green electricity. We also launched a baby pants line developed by our own engineering department which uses less energy than lines sourced on the open market. The figures for volume of scrap on our production lines also improved as a result of interdisciplinary work between Engineering and Manufacturing.

To ensure sustainability is systematically embedded in our daily operations, a significant amount of our plants have ISO14001 and/or ISO50001 certificates.

Weathering the Pandemic with Innovation and Digital Agility

Innovation

— As an international producer of both retailer and own brands, product innovation is essential to our success.

NEW WAY OF WORKING
Our powers of innovation were put to the test in 2020. Every aspect of how we worked required an agile and inventive approach to combat the onset of COVID-19: from learning new skills, and working and training at a distance, to interacting remotely with customers and suppliers. We adapted well and will integrate these new learnings into our ways of working.

A number of innovation projects requiring production-line validation were initially postponed as we shifted priorities so that we could fulfil customer obligations in a challenging operational environment. Trials and validations were able to resume later in the year and we managed to complete the majority of the planned work.

CONSUMER-CENTRICITY AND NATURAL PRODUCTS
We continued to concentrate on consumer-centricity bringing fewer but bolder and more significant innovations to market, many linked to natural products and sustainability. We also worked on increasing our speed to market by optimising our governance, processes and team structure.

INSTANT DRYNESS TECHNOLOGY SECONDRY®
Notable successes included the launch of our own new baby diaper technology SeconDRY® which enhances dryness, comfort and absorption.

It exemplifies our new, sharper approach and our determination to be at the forefront of development.

CHANNEL TECHNOLOGY
We introduced our channel technology into the complete diaper product range in Europe and two brands in Brazil. We also adapted the technology for use in some of our incontinence and feminine care products.

MORE PANTS
The trend from open diapers to baby pants continued and we invested accordingly. We set up new pants lines in Brazil, Pakistan, and Mexico using a mixture of in-house developed and bought-in machinery.

“We continued to concentrate on consumer-centricity bringing fewer but bolder and more significant innovations to market, many linked to natural products and sustainability.

ANNICK DE POORTER, EVP INNOVATION, SUSTAINABILITY AND QUALITY

Innovation & digitalization

T2G AND INNOVATION

When we set up T2G, we consolidated all initiatives related to products into one single work stream but still distinguished between those that focused on product cost optimization and those on innovation.

In terms of cost optimization, we translated business requirements into concrete initiatives such as reducing weight of raw materials, removing features that did not add value, harmonizing standards and, in general, reducing complexity.

In innovation, we became more consumer centric and learned to prioritize. We also increased our speed to market.

SMART DIAPER

We continued to work with our smart diapers which are aimed at improving patient care and reducing overall diaper usage. The results of small-scale testing in Belgium were very positive.

MIA – UNIQUE BRAND IN MEXICO SPECIALLY FOR HEAVY FLOWS

In 2020, Ontex Mexico launched Mia, a new brand for women with heavy menstrual flows.

It is the first feminine hygiene product created specifically to reliably solve this special need. As such, Mia is an innovative and disruptive brand.

In addition to smart channels, soft covers, skin protection and odor control, Mia's exclusive NO STRESS SYSTEM has unique features such as reinforced barriers, a special cover for clots and absorption of two pads in one

Importantly, Mia is not simply a solution for heavy flows but for women who need to feel more than just protected. Mia supports women and is empathetic to a subject still unknown to most. It gives confidence and security and allows women to live through their period with a sense of empowerment and confidence.

NATURAL PRODUCTS: SAFE FOR ME AND SAFE FOR THE PLANET

In terms of materials, we use natural components in our products.

We worked closely with suppliers (both incumbent and new) to develop products and new diaper components to meet trends based on the concept of 'safe-for-me' and 'safe-for-the-planet'. SEE PAGE 47

These new materials, often bio-based or recycled, are kinder to user's skin and the environment, and a natural choice for people concerned about their impact on the environment.

CHANGING PACK SIZES TO MEET E-SHOPPER NEEDS

The upsurge in on-line purchasing caused us also to reconsider product packaging and pack sizes as they both play a key role in these channels.

Digital agility

— The outbreak of COVID-19 reminded us of the need to remain agile in everything we do. It also caused us to choose paths and implement changes that we perhaps had never even considered. This applied to our digital transformation work as well.

DIGITAL BOOST

COVID-19 restricted office working and curtailed traveling and digital working became the norm. We adapted to the new situation. Meeting effectiveness improved as people learned new skills to keep things concise and to the point. We reduced the number of meetings and even recruited and on-boarded people without any face-to-face interaction. We aim to continue this new way of working as we emerge from the COVID-19 period.

2020 was a year of strong growth for personal care products on-line with purchases of our types of products almost tripling. The products we make look set to continue to migrate to the on-line channel driven by convenience and low-cost access, a heightened sense of engagement and not least, the opportunity for discretion, an important consideration for some of our product categories.

During the year, we reaffirmed our commitment to the on-line channel, investing in financial and human resources to ensure that we capture growth. We strengthened the digital team at our Digital Factory in Paris, for example, prioritizing the recruitment of people with on-line retail experience. Because Ontex's emphasis is on local brands, we do not try to manage the regions in their digitalization. Rather, the center provides digital expertise to help customers improve category performance and brand share as they migrate on-line.

We focus on four main areas — retailers, direct-to-consumer, subscription and marketplaces.

ONTEX'S E-SHOPPING CATEGORY MANAGEMENT TEAM ASSISTS BRANDS TO MAKE THEIR PRESENCE ON E-SHOP SHELVES MORE ATTRACTIVE TO CONSUMERS.

STRENGTHENING OUR OFFERING TO RETAILERS

A large share of Ontex's products are sold via retailers who have traditionally been more interested in growing offline basket size rather than specific product lines. As a result, retailers' products are generally underrepresented on-line. They are realizing the opportunity for their own brands[1] in this relatively new channel and are more focused on building loyalty.

E-commerce cannot be developed in isolation. It needs to become an integral part of a 'omnichannel' category approach which delivers a seamless shopping experience to attract all types of shoppers. Significant investment and high levels of co-operation are required between retailers and consumer goods producers to develop and execute through the on-line channel.

Our investment in e-commerce expertise is aimed at positioning us as a unique and trusted partner with the necessary processes, tools and resources to work with retailers to grow their e-commerce strategies and maximize the on-line potential.

For example, our experts provide help to improve navigation and traffic-driving activities as well as content presentation to increase conversion. This could naturally develop into cross-selling opportunities to improve customer basket sizes.

We have already supported a number of retailers in some markets to create powerful brands to challenge the main retail brands, and with our expanded resources we plan to continue this work.

1. Shoppers are increasingly considering buying private label products. Research shows that the share of shoppers willing to try retailer brands is now 57%. Source: Report by Shopper Intelligence UK on shopping and purchase decisions during COVID-19.

Innovation & digitalization

EXPANDING KNOWLEDGE DIGITALLY

At the end of 2020, Ontex employees around the world were given access to LinkedIn Learning, a digital library of more than 16,000 training courses across eight languages. The user feedback to this cost-effective solution has been very positive.

The platform has both micro and in-depth learning modules and is accessible via mobile devices. The on-line modules give employees the flexibility to develop their skills when they have the time and when they feel the need.

AI (Artificial Intelligence) personalizes content to the individual learner to provide professionally produced, tailor-made learning paths curated by Ontex experts. Courses are regularly updated and new ones added every month.

GROWING IN DIRECT-TO-CONSUMER

We work closely with Direct-to-Consumer brands and are today a leading manufacturer of third-party on-line brands across for baby care, adult care and feminine care. Often very specific and purpose-centric, these types of company are experts at connecting with their customers. We provide category expertise and suitable products to co-develop new value propositions. During the year, we relaunched a complete new range of products for a well-established direct-to-consumer brand in the US, building on the cooperation we have had in the recent years.

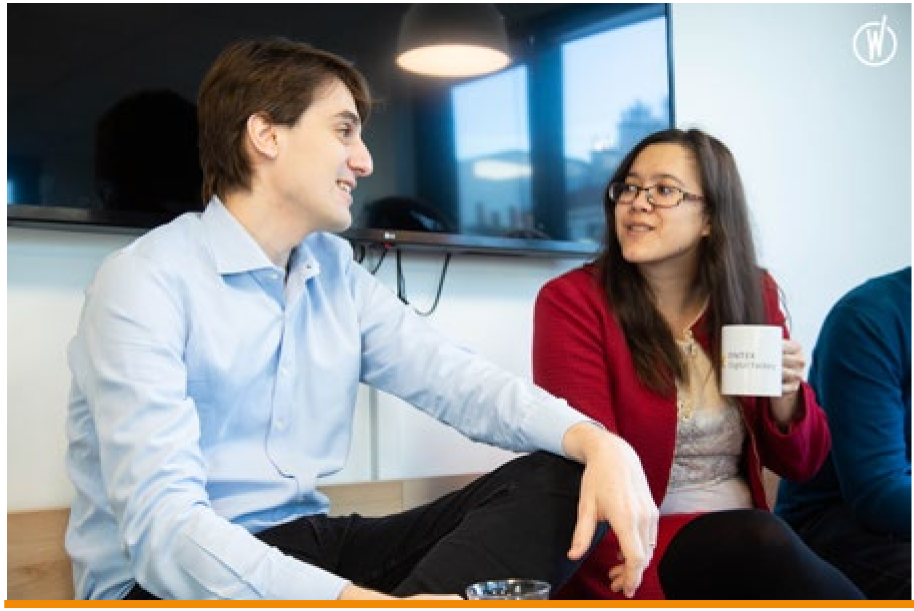
EXPANDING SUBSCRIPTION MODEL

Driven by the quality of the products and the convenience of our offering, the subscription model which we started with Little Big Change diapers in France grew strongly in 2020, despite increased competition from the main international players.

We expanded into Germany and Austria (from France and Benelux) and upgraded the diapers to channel technology. We also launched a range of wipes and creams to extend the brand. The plan is to expand the portfolio into new areas, geographically and product-wise.

MARKET PLACES

The fourth leg of our digital strategy focuses on pure-play, on-line marketplaces. During the year, we deepened our partnership with the world's largest multinational technology players as we started to manufacture diapers for their own brands.



THE ONTEX DIGITAL FACTORY IN PARIS PROVIDES ONTEX MARKETING TEAMS AROUND THE WORLD WITH IN-HOUSE DIGITAL SKILLS.

CONNECTIVITY MEANS BETTER CARE FOR PATIENTS

Work continued on a smart diaper for incontinence patients and trials were successfully carried out at a number of institutions. The ability to remotely check the state of the diaper leads to better patient care. Connectivity helps to reduce consumption and reduces laundry and waste management costs. It also has the potential to help reduce skin irritation which, among elderly patients, is a big driver of costs and aftercare.

People at the heart of Ontex

Agility to overcome adversity

“The COVID-19 outbreak forced us to rethink every aspect of our way of working and people management processes. The response of the organization in learning to deal with change fast and adapt ensured that we could continue to service our customers and consumers, while at the same time ensuring the health and safety of everyone involved.

ASTRID DE LATHAUWER, EVP HUMAN RESOURCES

— The entire focus of our people management processes shifted in March with the outbreak of the COVID-19 pandemic. Our people's response was nothing short of exemplary with our PRIDE values very much in evidence.

For example, we saw Passion in the commitment of our people to keep the business running, while the level of donations of products and other goods and services to local communities clearly show our people were thinking in terms of Everyone.

WELLBEING OF OUR COLLEAGUES

As an essential industry, we had to carry on operating as normally as we could. The safety and wellbeing of our people was our main priority. We quickly introduced a single set of standards and rules to ensure the same level of safety compliance across the company. These were invariably more stringent than those required by local authorities. We not only provided detailed information on how to adapt ways of working and behaviors in the workplace, but also helped them understand which measures they should adopt to make their home environment equally safe and protect their families.

At our plants, we audited and then adapted every single process. For example, routines to disinfect machinery between shifts and maintaining social distancing were quickly introduced and we provided transport for employees to and from some of our factories to minimize exposure. Continual follow-up ensured that guidelines were respected by employees and visitors.

The extraordinary work of our plant-based people during the year was rewarded with five extra days of holiday.

STRONG COMMUNITY SPIRIT

We donated more than 4 million products during the year with all our plants and offices contributing to the communities around them. We not only took care of our own employees but also made sure that especially fragile groups in society were able to receive the essential products that we make. We also donated equipment such as laptops to local schools to help children better work from home.

We remember our colleagues who regretfully passed away during the Covid epidemic, our thoughts are with them and their families.

People

CONNECTION AND COHESION

For our office people, we focused on facilitating their working from home, a new experience for most of them. We upgraded and standardized group-wide conferencing systems and provided regular on-line tips on how to best organize oneself from home. We maintained a sense of cohesion through frequent internal communications via our intranet which became the go-to source. We published guidelines on how to work from home. In addition, there were regular updates from executive team members and we published a string of uplifting 'local hero' stories. A spontaneous campaign, where office staff posted messages of support and thanks to their plant-based colleagues, was greatly appreciated and served to boost the morale both at the plants and the offices themselves.

LinkedIn Learning

DIGITAL THE WAY FORWARD

Digital training gives our employees the flexibility to develop their skills when they have the time, and when they feel the need. On line, modules are always at hand, timely and accessible. For example, an employee may need to brush up on his or her negotiating skills just prior to visiting a client or supplier and can select the appropriate module on-line.

RETHINKING THE NORMAL

As the year proceeded, and the organization adapted to a new normal, we switched from crisis to a more business-as-usual mode, although we remained vigilant.

The pandemic has caused us to rethink the purpose of the office. The experiences in 2020 will inform our thinking going forward. In the light of the experiences gained this year, we plan to revise our work-from-home policy. This will naturally have to take into account the level of technical development in a region or country.

NEW ON-LINE SOLUTIONS TO MATCH OUR LEARNING NEEDS

We had to postpone some of the training plans for the year, especially in the plants, but the pandemic served to accelerate our switch to virtual mode (rather than classroom) for many training and development modules.

We had previously identified the hard and soft skill profiles different jobs and functions and tailored the training to develop those skills. In 2020, we invested in and trialed digital alternatives with world-class providers. This enabled us to continue to offer employees the means for self-development but now on-demand. We saw how people appreciated the freedom to choose from a wide range of topics. They could also delve deeper into a subject and advance more than may have been possible in a non-digital environment.

The results showed high adoption rates and a high number of modules used and we plan to roll out the on-demand modules across the organization in 2021.

We also switched our project management and managerial efficiency training 'Ability 2 Execute' program to digital without any loss of effectiveness.

ENCOURAGING RESULTS FROM SURVEY

In September, we carried out an employee survey. The participation rate was high (84%) and the engagement rate of 87% was four percentage points higher than the previous survey in 2018-2019. All the questions that related to working conditions showed that our people clearly appreciated the fact that we had put their safety first.

Questions about evolution of work indicated that people found it advantageous to spend more time working from home, rather going to the office each day, and we will need to consider this going forward.

T2G BOOSTS SYSTEMATIC APPROACH

The changes initiated by T2G affected all processes within HR. The changes are now embedded in the organization and gaining traction. For example, we digitalized systems to record and follow up diligently on skills development across the company. And following the alignment of all plant employees to a single incentive scheme last year, we also harmonized rewards for our salespeople across the organization to promote fairness and transparency.

People

GRADUATE PROGRAM CARRIES ON

To maintain the momentum of the Ontex Graduate Program, which has proven so successful in recent years, we adapted the selection process to a full on-line experience. Our ability to find creative ways to deliver results was highly appreciated by all the candidates and spoke volumes about the type of company they were joining.

BUILDING CAPABILITIES

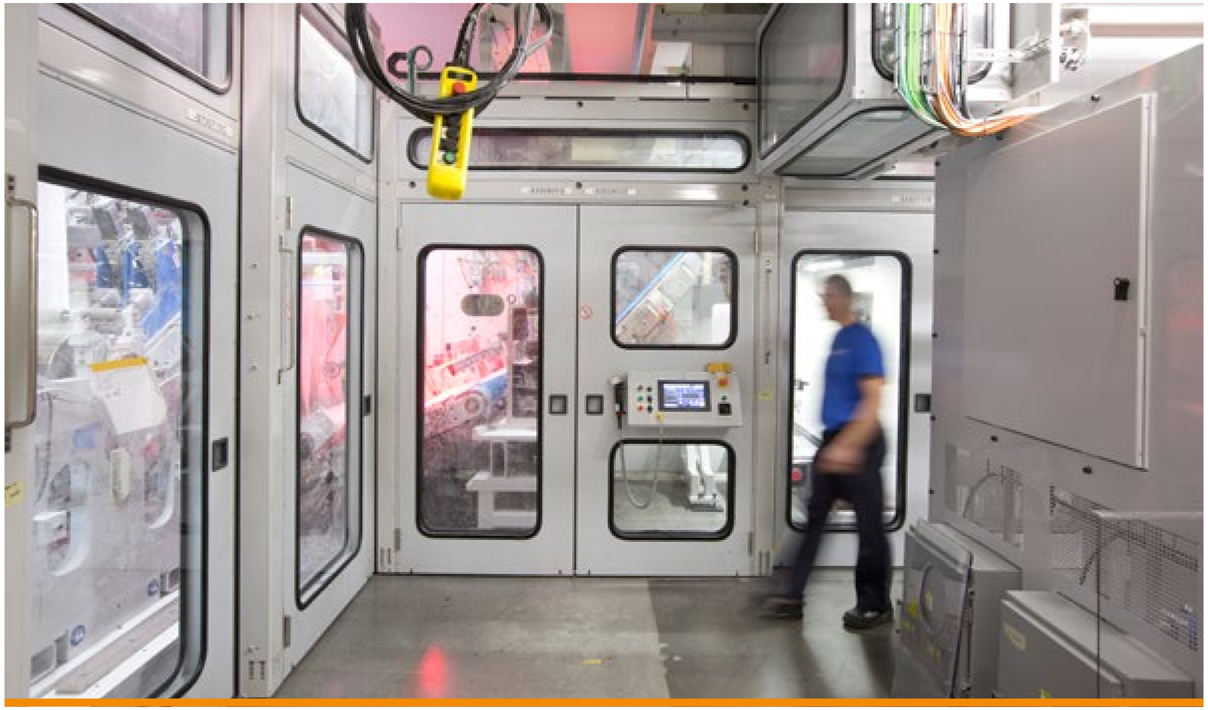
We accelerated capability building with the introduction of skills matrices for all functions. These highlight capabilities for each function and the critical skills for growth. We introduced more than 15 new digital learning modules and set up special training academies for each function. For people managers, we launched Ability 2 Execute, a specific behavioral change program. We also aligned personal objectives and incentives to the T2G program and introduced similar recognition program in locations where T2G had not yet been started. These schemes are aimed at returning a portion of the improvements to the people who make them happen.

21 H
TRAINING PER EMPLOYEE

ALIGNING EXECUTIVE REMUNERATION

Following feedback from institutions and shareholders, we introduced important changes to executives' long and short-term incentives. The policies will reflect better the expectations of our shareholders.

SEE REMUNERATION REPORT ON PAGE 77 FOR MORE INFORMATION



Business ethics

— Ontex is dedicated to running its business in accordance with the highest standards of integrity and ethical practice. Our values – passion, reliability, integrity, drive and everyone – are a core strength that guide us towards the realization of our strategy and vision.

CODE OF ETHICS

New Code of Ethics

Our first formal Code of Ethics (the Code) was published in 2017. Much of 2020 was dedicated to revising the Code and adding new policies and guidelines which come into force in 2021.

The Code sets out clear standards of behaviour, such as integrity and honesty, that we expect of all our people in their everyday dealings with colleagues as well as with customers, suppliers, shareholders and other key stakeholders. The Code applies to all Ontex employees and to all those doing business on behalf of Ontex, such as agents, distributors, consultants and third party intermediaries.

The changes to the Code acknowledge a shift in importance of certain topics and the emergence of factors such as new legislation. They also take into account any concerns reported in the past by customers, suppliers, shareholders or other parties as well as general global developments and changes in the market environments where Ontex operates.

The structure of the Code remains similar with four main sections: Caring for People; Integrity in the Market Place; Ethics in our Business Activities, and Safeguarding Company Information.

We revisited and updated all four sections adding a number of new topics including anti-discrimination, anti-harassment, professional conduct, proprietary information and fairly-stated records and reporting. The Code is available in 16 languages to ensure full understanding and accessibility by employees and third parties.

IN 2020 WE ADDED NEW POLICIES AND GUIDELINES TO THE CODE OF ETHICS WHICH START TO APPLY IN 2021.

Anti-bribery and corruption

Our Code contains a general chapter on Anti-bribery and Corruption which provides clear rules and guidelines on how to avoid any form of bribery. It gives examples of what to watch out for and what to do. For example, any incident must be immediately reported to the line manager or the Compliance department.

A specific section on Gifts and Hospitality provides clear rules to ensure that a gift or any offer of hospitality to our employees (or people acting on our behalf) made by customers, suppliers or other business partners is not an actual or perceived bribe.

Fair competition

Ontex employees must follow competition laws when conducting business and we updated the chapter on Fair Competition in our Code. It provides clear guidelines and principles for our people and those doing business on our behalf. During the year, we held a number of targeted face-to-face and on-line training sessions to tackle specific fair competition related topics.

People

TRAINING MODULES IN GDPR HAVE BEEN LAUNCHED TO ENSURE FULL UNDERSTANDING BY ALL EMPLOYEES. THEY ARE MANDATORY FOR ALL OFFICE-BASED STAFF.

TRAINING AND AWARENESS

Despite the COVID-19 outbreak, we managed to conduct face-to-face and on-line training on various topics of the Code at many locations. In our plants, where production continued, we used notice boards to communicate Business Ethics-themed messages.

To increase the awareness of personal data and privacy, we developed a tailor-made e-learning module on GDPR (General Data Protection Regulation) in collaboration with external specialists. It explains the core principles of GDPR, and Ontex's expectations of its employees, using practical examples. The GDPR module was launched in February 2021 in Europe along with a global module on IT security. Both are available in local languages to ensure full understanding by all employees. As they are both vital parts of Ontex's corporate compliance program, the modules are mandatory for all office-based staff.

GOVERNANCE AND REPORTING

Annual compliance objectives are approved by the Executive Management Committee (EMC) and cascaded to the local compliance community and the Audit and Risk Committee of the Board of Directors. A coordinator at each location is tasked with concrete local actions to meet the compliance objectives under the supervision, and with the support of, local management. The Group Compliance department reports on the status of those objectives (as well as Compliance and Business Ethics incidents and risks) on a quarterly basis to the EMC, and the Audit and Risk Committee.

In recognition of the importance of this area to our business, the Group General Counsel (who is responsible for Ethics and Compliance) is now a member of the EMC.

“Behaving ethically is fundamental. Our partners do business with us not only because of the high quality of our products and the value we offer, but equally because we act with integrity.

JONAS DEROO, EXECUTIVE VICE PRESIDENT LEGAL AND SECRETARY GENERAL

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RAISING CONCERNS

New Speak-up tool and case management system

Ontex has always encouraged its employees and people acting on its behalf to report concerns and to speak up in case of suspected Code incidents (such as unethical behaviour or other misconduct). There are various internal channels to report these incidents, such as line managers and the Compliance or Audit departments. We also offer an external 'Speak-up' tool where concerns can be shared anonymously by phone or web form.

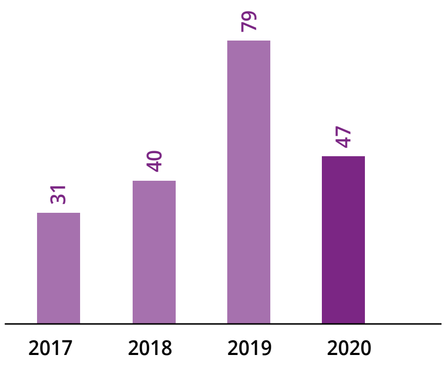
In 2020, we upgraded the reporting process. Third parties can now report Code incidents via Ontex's corporate website and we integrated a more efficient case handling system. The changes ensure more efficient follow-up of reported breaches in a single, automated tool and strengthen levels of privacy and confidentiality.

Reported Code incidents

The chart to the right shows the total number of Code incidents reported to the Group Compliance department since 2017 (when the Code was first launched).

TOTAL NUMBER OF REPORTED CODE INCIDENTS	2019	2020
Social Media & Networks	0	1
Health & Safety	1	2
Fairly Stated Records & Reporting	0	1
Personal Data & Privacy	4	1
Company assets	3	5
Working conditions (harassment & discrimination)	64	30
Conflict of interest	7	5
IT Security	0	2
TOTAL	79	47

EVOLUTION OF REPORTED CODE INCIDENTS PER YEAR



Sustainability

Sustainability governance

Sustainability is an integral part of all Ontex's functions at all levels of operations. Its governance is firmly rooted in the organization.

Our sustainability strategy 2030 outlines our ambitions and commitments. It provides focus and creates a common agenda and roadmap for everyone in Ontex as we work together towards 2030. Importantly, it enables each part of our business to set its own goals and targets to contribute to this strategy. This allows room for locally tailored and relevant implementation.

As seen from the table below, governance of our sustainability strategy 2030 is deployed throughout the Group and anchored in different departments.

Our standards and policies are essential components in turning our strategy into action and making our vision a reality. Many of them are based on international frameworks.

HOW WE ARE SET UP TO DELIVER

THE BOARD OF DIRECTORS

Oversees and approves the sustainable development commitments and monitors progress through the Audit & Risk committee.

THE EXECUTIVE MANAGEMENT COMMITTEE (EMC)

- Determines strategy and approves targets
- Monitors the implementation of the sustainability strategy 2030
- Ensures the integration of sustainability into the management agenda (via Executive Vice-President R&D, Quality & Sustainability)

THE GROUP SUSTAINABILITY TEAM

- Defines and deploys the Ontex sustainability strategy 2030
- Monitors progress and presents results to the EMC & Board
- Works closely with other departments to embed sustainability in the organization

SUSTAINABILITY ROLES WITHIN OTHER PARTS OF THE BUSINESS

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

SUMMARY OF THE DIFFERENT COMPONENTS OF ONTEX'S SUSTAINABILITY GOVERNANCE

	CLIMATE ACTION	CIRCULAR SOLUTIONS	BUILDING TRUST	SUSTAINABLE SUPPLY CHAIN
Policies, guidelines or statements			• Code of ethics • Human rights policy • Speak up policy/line • Diversity policy • Covid-19 donations policy	• Supplier code of conduct • Ethical sourcing policy • Modern slavery statement • Fiber sourcing policy • Animal testing statement
	SHEQ policy			
Management systems & certifications	ISO50001	ISO14001	BSCI ISO45001	• BSCI
External charters or initiatives	Greenhouse Gas Protocol	LCA based on ISO14040		• FSC® & PEFC • GOTS & OCS
			• UN Universal Declaration of Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • UN Guiding Principles on Business and Human Rights	
	UNSDGs			

Towards climate neutrality

As a company, and as people, we understand the need to fight global warming with increased urgency. This was brought home to us even more strongly in 2020: despite the COVID-19 lockdown, atmospheric concentrations of greenhouse gases continue to rise.[1]

Our strategy commits us to continue our path to deliver global reductions in greenhouse gas (GHG) emissions and enhance climate resilience in the value chain. Our ambition is to have climate neutral operations by 2030.

Our strategy to achieve these goals rests on three pillars that encompass our own operations and those across our value chain.

1. WMO Provisional Report on the State of the Global Climate 2020.

LEADERSHIP IN ENERGY EFFICIENCY

Our goal is to reduce our absolute scope 1-2 carbon emissions by 50% by 2030.

We will continue to improve energy efficiency in our plants. The use of electricity accounts for the majority of our energy consumption (approx. 90%), the rest comes from fuels such as natural gas and oil. In 2020, we invested in the ongoing conversion to LED lighting, improved heating, ventilation, air conditioning and other machine improvements such as variable (rather than constant) speed drive installations.

Our scope 1-2 emissions decreased by 15% compared with the base year 2018.

SOLAR ROOFTOP PANELS AT THE ONTEX PLANT IN SEGOVIA, SPAIN.

100% RENEWABLE ELECTRICITY

Our goal is to source 100% renewable electricity in all manufacturing plants and offices by 2030.

Through the work we have already done, we know that there is not enough renewable energy generation capacity in the network. Going forward, therefore, our energy strategy will focus on establishing a balanced portfolio of green network electricity and electricity generated at our own sites.

In 2020, we installed solar rooftop panels at our plant in Segovia, Spain. This increased our on-site electricity capacity. In 2020, 75% of the electricity purchased was renewable.

LED LIGHTING AT THE ONTEX PLANT IN ALGERIA.

CLIMATE

We committed to tracking our scope 3 carbon emissions and invest in reforestation projects to enlarge carbon sinks and offset our remaining emissions.

As a manufacturer of essential goods, we envisage that we will always have some carbon emissions. If we are to reach our goal of carbon neutral operations by 2030, we need to invest in offsetting.

In 2020, two of our plants achieved carbon neutrality SEE TEXT BOX. They serve as a template for converting more of our plants to carbon neutral production in the coming years.

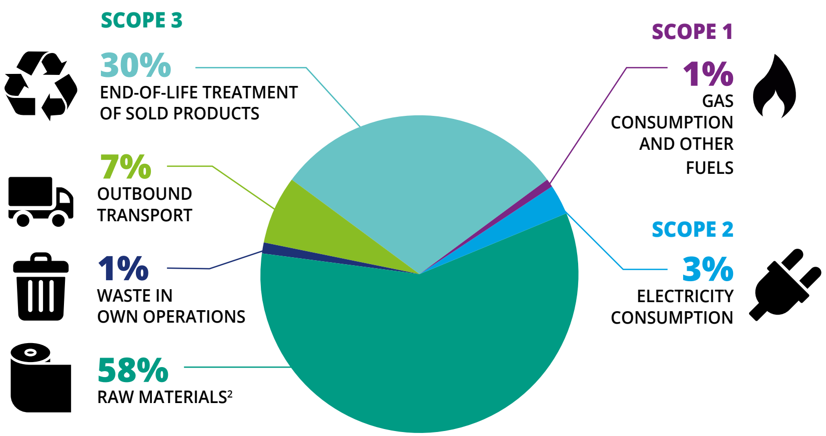
Our BioBaby brand has a standing commitment to reforestation projects in Mexico. It has planted more than 8,000 trees over the past three years and contributing to increase carbon sinks.

As can be seen in the graph, the majority of carbon emissions associated with our products are created in the value chain. In 2020, we conducted a first screening[1] of our scope 3 carbon emission, to measure and understand climate impact, to identify climate change related risks and prioritize data collection. Moving forward we will continue to measure the climate impact in our supply chain by further refining the results and filling in the gaps.

In 2020, our scope 3 CO_2-e emissions accounted for 1537 kilotons, of which the vast majority originates from raw materials (58%) and en of life treatment (30%).

1. Scope: Value chain for 13 plants out of 18.
2. GHG Protocol Category 1: Purchased products

CLIMATE FOOTPRINT AT EACH STAGE OF THE ONTEX VALUE CHAIN (% OF CO_2-EQ)



"Ontex's European plants use 100% renewable electricity. In April 2020, two sites where Ontex produces the Little Big Change brand went even further by achieving carbon neutrality.

By helping to fund a Verified Carbon Standard certified climate project, Ontex supported the generation of 1,630 MWh of renewable energy, gave more than 1,500 households access to green energy and avoided 1,200 t of CO_2 emissions. This offsetting commitment impacted at least three sustainable development goals (SDG 7, 8 and 13).

ERIC DIERCKX, CO2LOGIC

OUR PROGRESS IN 2020

- Scope 1 & 2 carbon emissions reduced 15% compared with 2018.

SEE NON-FINANCIAL DATA TABLES ON PAGE 167 FOR DETAILED ENERGY AND EMISSIONS DATA

- All European plants run on 100 % renewable electricity
- Company-wide, 75% of the electricity we use is renewable
- Inauguration of solar rooftop in Segovia providing more than 20% of the plant's electricity needs
- First scope 3 carbon emission screening conducted.
- Carbon neutral production at two of our sites
- Cooperation with *Reforestamos* and *Tierra Nueva* planting over 8,000 trees over the past three years in different reforestation projects in Mexico.

REDUCING OUR SCOPE 1-2 CARBON EMISSIONS BY 50% BY 2030 (COMPARED WITH 2018)

-15% STATUS 2020 → -50% GOAL 2030

100% RENEWABLE ENERGY BY 2030

70% STATUS 2020 → 100% GOAL 2030

OUR BIOBABY BRAND IN MEXICO ACTIVELY ENGAGES IN REFORESTATION PROJECTS. TO DATE, IT HAS HELPED PLANT MORE THAN 8,000 TREES.

TREE PLANTING ACTIVITY BY OUR ETHIOPIAN COLLEAGUES AS PART OF THE GREEN LEGACY PROJECT.

Circular solutions

HAZARDOUS WASTE SORTING AREA OF ONTEX TURKEY WITH CLEAR LABELS FOR EACH TYPE OF WASTE.

Global economic growth enables more and more people to have a chance of a better life[1]. But individual prosperity increases the demand for already constrained natural resources.

Businesses are under pressure to minimize consumption and reduce waste, especially in plastics. China's decision to ban plastic (and e-waste) imports has thrown waste and recycling markets into turmoil, exposing the magnitude of plastic pollution and escalating the urgency to reduce and recycle. Other governments are also increasing pressure to move away from single-use products, such as diapers, via the 'polluter pays' principle or EPR schemes[2]. More restrictions are to be expected.

OUR APPROACH

We are conscious of the role we have to play and the example we have to set in waste issues.

To address this, we are moving from a traditional, linear take-use-waste model to a circular business model that maximizes the use and reuse of resources, and where nothing is wasted. We apply this model to our operations, products and packaging and it is driven by innovation.

There are three areas where we believe we can make the most impact as a company, and this is where we are concentrating our efforts.

Zero production waste to landfill

By definition a circular economy aims to keep materials 'in the loop' for as long as possible. Our goal is that all our plants will achieve zero production waste to landfill by 2030[3].

In 2020, our recycling index increased to 91%, from 88% in 2019.

Some examples of actions in 2020 include:

- Using labeling to optimize the use of hazardous waste containers. Clearly labelled containers are key to achieving the highest levels of purity in our individual waste streams.
- Waste awareness campaigns in different locations.
- Re-tendering contracts with our waste companies to strive for maximum recycling.

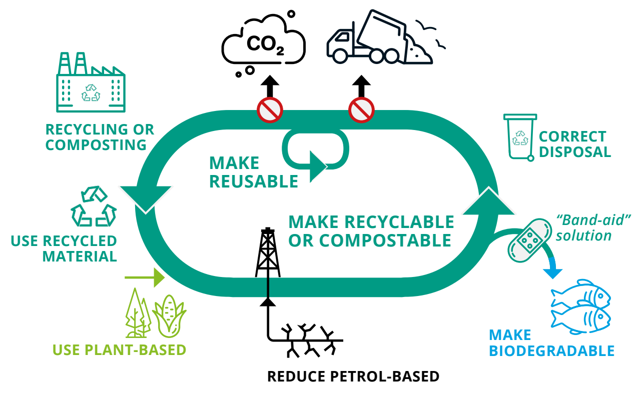
WASTE AWARENESS CAMPAIGN EEKLO.

1. By 2030, the UN expects the global population to reach nearly 8.5 billion, with nearly half a billion moving into the middle class.
2. Extended Producers Responsibility.
3. This goal has been updated. Initially the goal was set for 2020. Due to our recent acquisitions, in countries with more challenging waste infrastructures the goal has been extended to 2030.

Sustainability

MINIMIZE CO_2 & MAKE CIRCULAR

STOP CLIMATE CHANGE & STOP PLASTIC WASTE



OUR CIRCULAR APPROACH

1. We see recycled material as a resource.
2. When new resources are required, we default to plant-based materials.
3. Burning fossil fuels causes climate change, so we reduce petrol-based materials.
4. In a circular system, we make our products recyclable or compostable.
5. Making them bio-degradable (natural or landfill) is a temporary 'band-aid' solution. It limits damage but does not address or resolve the causes. Dumping or landfilling is not circular.
6. After use, we sort and dispose used products correctly.
7. We keep the materials in the loop by recycling (recycled content for new products) or composting (to make new plant-based materials).
8. The circle is closed. No waste is dumped. Fewer carbon emissions. Better for people and planet.

"In Europe, by using thinner types of film material for our baby care products, we have reduced overall material consumption for bags in recent years by around 20% compared with leading consumer brands.

JEROEN VANDENBOSSCHE, R&D PACKAGING DEVELOPER, SUSTAINABILITY

Circularity in packaging

All the packaging we use can be made of recyclable materials. By 2025, all our cardboard packaging will be made of 100% recycled content and we are committed to increasing the use of renewable and recycled plastic in our plastic packaging by 2030.

Over the past years, we have been working to optimize the thickness of our packaging to reduce the use of raw materials without compromising quality. In 2020, we finished an innovation project for recycled content in our plastic packaging.

Design for circularity

Much of our innovation work is focused on circularity. We continued to increase the use of natural-based materials, such as bio bags, and ensured that we are geared up for impending legislation on Single-Use Plastics which requires labelling with user instructions for correct disposal of feminine hygiene products. We also set up recycling and composting partnership programs with both customers and disposal companies. In terms of material reduction, the new design of our heavy inco pants uses less material (reduction of 13% since 2014) which means less material goes to waste.

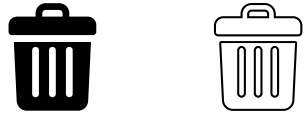
OUR PROGRESS IN 2020

- Recycling index of 91%.

SEE PAGES 170-171 FOR FURTHER DETAILS

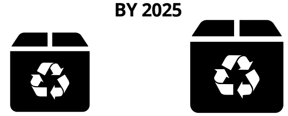
- Successfully completing an innovation project to offer plastic bags with recycled content.
- All our packaging is 100% recyclable.

ZERO PRODUCTION WASTE TO LANDFILL BY 2030



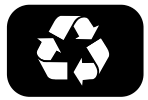
9% STATUS 2020 → 0% GOAL 2030

ALL OUR CARDBOARD PACKAGING WILL HAVE 100% RECYCLED CONTENT BY 2025



92% STATUS 2020 → 100% GOAL 2025

ALL OUR PACKAGING IS 100% RECYCLABLE



100% STATUS 2020

Building trust

Building trust is essential to any business, not least ours which provides essential personal care products on a global scale.

We work to build trust in everything that we do: how we go about our business, how we make our products and what goes into them, how we treat the people involved in and with our business. We have stated goals and we remain transparent.

In our endeavour to build trust and enhance transparency, we focus on three main areas: the safety of our people; doing all we can to support a fair society and helping our customers make conscious choices.

TOWARDS ZERO OCCUPATIONAL ACCIDENTS

We aim for continuous improvement in occupational health and safety, with the ultimate goal of zero occupational accidents by 2030.

In 2020, we continued to invest in safety training and introducing simple and practical measures at all levels to enhance safety. There were no fatalities as a result of accidents and some notable successes. We introduced safety into the performance management system. Our safety statistics improved slightly compared with last year.

SEE PAGE 173

One example of our approach to safety was the introduction of personal locks (the Lockout-Tagout system) which prevent a line from starting when maintenance is being carried out on the line as the key to restart the line is with the person inside the gate.

Safety high points in 2020

- The Karachi plant in Pakistan for Baby Care products has now gone three years without an accident
- The Senador Canedo plant in Brazil which produces Adult Care and Feminine Care products has had two accident-free years
- Our Ethiopian plant in Hawassa for Baby Care products reported an accident-free year in 2020
- The safety performance at our Großpostwitz Feminine Care plant was recognized by an award from the German government

SUPPORTING AN INCLUSIVE AND FAIR SOCIETY

Our work to help build an inclusive and fair society focuses on three elements that we believe will make a difference. Despite the limitations imposed by the pandemic, we made progress in all three areas and carried out all the planned work and programs.

Human rights in our plants

We want to ensure working conditions and human rights are respected throughout our daily operations.

The management of human rights in our operations is described in our Human Rights policy.

SEE PAGE 49

In support of fundamental human rights in our plants, we set up a due diligence process that guarantees regular internal and third-party social audits to understand any actual or imminent risks.

We managed to audit seven of our sites (instead of a planned nine) and all achieved a score of A or B against the Business Social Compliance Initiative (BSCI)[1] in line with our

1. BSCI monitors workplace conditions in accordance with human rights, ILO conventions and national labor law. The BSCI program is a voluntary European system by which BSCI members (retailers and brands) work with their suppliers to be in compliance with the BSCI code of conduct. Those suppliers meeting the code receive preferential purchase orders.

Sustainability

+4 M €

ITEMS DONATED IN 15 COUNTRIES

ONTEX MEXICO DONATED AROUND 600,000 HYGIENIC PRODUCTS TO LOCAL CHARITY ORGANIZATIONS, INCLUDING THE FOOD BANK, BANCO DE ALIMENTOS DE MÉXICO.

ONTEX CZECH REPUBLIC DONATED ALMOST 90,000 SANITARY ITEMS TO HOSPITALS IN TURNOV AND LIBEREC.

ONTEX MAYEN IN GERMANY DONATED 30,500 DIAPERS TO LOCAL FAMILIES FINANCIALLY AFFECTED BY THE PANDEMIC.

ONTEX RUSSIA DONATED 46,000 HYGIENE PRODUCTS TO DIFFERENT LOCAL ORGANIZATIONS.

requirements. We had to postpone a number of audits but those conducted met or exceeded expectations.

Community involvement

Ontex has a long history of supporting local communities. In 2020, our offices and factories accelerated their efforts to be a force for good. As well as pursuing their own initiatives, they partnered with various organizations to support to local communities. In all, we donated close to four million products around the globe. The stories here, just some of the many efforts by the organization, exemplify the care and consideration our people showed.

Promote diversity & equal opportunities

Our ambitions to promote diversity and equal opportunities and to drive social compliance and improvements within the workplace remained as strong as ever. Our focus on this area was temporarily diverted in 2020 by actions to combat the pandemic.

We are conscious of the need to keep gender diversity in focus. On January 1st, 2021, we had 28.6% female representation on the Board and, with the appointment of Esther Berrozpe Galindo as new CEO, the number of women on our Executive Management Committee is now 33.3%.

SEE CORPORATE GOVERNANCE REPORT ON PAGE 64

PRODUCT SAFETY

Ontex will never compromise on hygiene, health and the safety of our products. When developing products, we carry out risk assessments on both products and raw materials. One of the main challenges is to create full transparency of the long supply chain from basic raw materials to complex finished products.

In 2020, there were no product recalls or withdrawals. We expanded our product stewardship department to focus on improved transparency along the supply chain. One of the main achievements was the revision of the material approval flow to increase transparency and reflect changing requirements and anticipate new regulations.

The main chemical composition (intentionally added substances) of each raw material as well as the most common impurities, are now requested as an addendum to the raw material conformity declaration[1]. Our own standards often go beyond legal requirements, and, in advance of legislation, we phase out chemicals of concern that are perceived as negative.

In 2020, we had a record of 251 products beiing OEKO-TEX 100 certified, one of the world's best-known labels for babytextiles tested for harmful substances. It stands for customer confidence and high product

1. A document that focuses on the applicable regulations, official recommendations, code of practices, voluntary commitments and state of the art toxicological considerations.

TRANSPARENCY TOWARDS CONSUMERS IS KEY

We are committed to communicating the sustainable features of our products on-pack. Our share of labelled products has grown steadily over the past years. In 2020, 41% of our revenue came from products with one or more eco or health labels.

"Creating full supply chain transparency is one of the key challenges for Ontex in the coming years. It's a fundamental process for both sustainability and product stewardship. The collection and sharing of information throughout the supply chain, and its communication to authorised internal and external stakeholders, are both aimed at increasing trust, traceability and transparency.

BART WATERSCHOOT, SUSTAINABILITY & PRODUCT STEWARDSHIP DIRECTOR

safety. Additionally, Ontex started to request recent chemical and biocompatibility test results for each new raw materials and materials in direct contact with the skin.

Ontex has committed to participate in the development and implementation of the Edana stewardship program and to create the necessary transparency of product composition in terms of material components.

If suspected chemicals are present, we perform an exposure-based risk assessment.

We use three steps to ensure safe products

It starts with the sourcing of raw materials. We have specific sourcing policies and use third-party certification schemes to guarantee the safety of our materials.

We then test the final product using independent labs worldwide to confirm safe performance. We use relevant consumer testing methods for evaluation which are reviewed and supported by independent experts.

Finally, we communicate the ecological and health and safety features of our products through labels and the packaging itself. Our goal is to engage consumers worldwide and draw their attention to the health and safety features of the products they buy, and enable them to make conscious choices in taking care of themselves and their families.

GOOD RATING PROFILE

We participate in a number of recognized sustainability ratings. Our membership enhances transparency for investors as well as other stakeholders. We are satisfied with the ratings that we received in 2020 and continue our work to improve them.

CDP	**CDP CLIMATE** Ontex score: B (on a scale of D- to A)	↗
CDP	**CDP FOREST** Ontex score: B (on a scale of D- to A)	↗
MSCI	**MSCI ESG RATINGS** Ontex score: AA (on a scale of CCC-AAA)	
ecovadis	**ECOVADIS** Ontex awarded Silver medal	
vigeo eiris	**VIGEO EIRIS** Ontex given a company reporting rate of 76%	
ISS ESG	**ISS-ESG** Ontex score of C, ranking just below the prime threshold of C+	

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OUR PROGRESS IN 2020

- Zero fatalities from accidents in any of our sites across the world.
- Continued reduction of Accident Frequency Rate, now at 5.45 (2019: 5.86).
- Approximately 4 million products were donated to local charity organizations.
- Seven BSCI-audits conducted in our plants, all achieving at least an A or B-rating, in line with current expectations.
- Updated material approval flow enhanced raw material transparency.
- 41% of our turnover comes from products with one or more eco/ health labels.
- B-rating for Carbon Disclosure Project Climate & Forest in line with current expectations.

ACCIDENT FREQUENCY RATE

5.45 → **0**

STATUS 2020 GOAL 2030

MINIMUM A/B SCORE IN SOCIAL AUDITS

100%

STATUS 2020

Sustainable supply chain

We are committed to contributing and helping to build a sustainable supply chain. Not just in environmental terms, but also in terms of ethics and social responsibility.

We use different raw materials which originate from wood, like pulp, viscose, cardboard in our products & packaging. We are acutely aware of the serious consequences of deforestation and forest degradation. We are committed to mitigating them.

We have a duty to positively influence human rights in our supply chain. We monitor labor practices and demand transparency and standard certifications. We enter into direct collaborations and partnerships to ensure that rights are upheld and social standards kept.

Our approach to building a sustainable and ethical supply chain rests on three pillars.

SUSTAINABLE FOREST AND LAND MANAGEMENT

Our raw materials originate mainly from different species of pine trees. We only purchase agricultural and forestry material (pulp, airlaid and viscose) from FSC®[1] and PEFC certified suppliers and we support forest regeneration through local programs such as replanting. SEE PAGE 43

In 2020, we increased the share of certified wood-based materials versus controlled materials[2] by 11% compared with last year. Now, 81% of our forestry raw material comes from certified sources.

We maintained GOTS[3], the internationally recognised organic textile standard, which confirms good traceability, as well as the social and environmental compliance of our supply chain for organic cotton fibers and non-wovens used in our cotton tampons and some of our diapers. All of our cotton tampons are 100% organic. In addition, we obtained OCS certification[4], a third-party verification of organic cotton claims that we and our customers are making. Overall, 96% of the cotton we use in our products is organic; the rest comes from conventional sources.

RESPECTING HUMAN RIGHTS IN OUR VALUE CHAIN

We take our responsibility very seriously in ensuring that human rights are respected and upheld throughout our value chain. When auditing or validating suppliers, we make conscious choices to reduce the social and ethical risks within the supply chain. It is an essential part of how we as a business live our values.

We work with over 200 raw material suppliers. Approximately 48% of them are located in Europe, 36% in North and South America, 15% in Asia and Africa and 1% Oceania.

In 2020, we rolled out our ethical sourcing program deeper into our supply chain. As well as adding to the list of signatories for our Supplier Code of Conduct, we started monitoring the social compliance of suppliers in risk countries[5]. In coming years,

1. FSC® C081844.
2. Certified materials are pulp, airlaid & viscose supplied with FSC Mix or 100% PEFC Certified claim. Controlled materials are pulp, airlaid & viscose supplied with FSC Controlled Wood or PEFC Controlled Sources claim.
3. The Global Organic Textile Standard is an international standard that covers the processing, manufacturing, packaging, labeling, trading and distribution of all textiles made from at least 70% certified organic natural fibers.
4. The Organic Content Standard is a standard for tracking and verifying the content of organically grown materials in a final product.
5. As defined by the Countries' Risk Classification of amfori, the leading global business association for open and sustainable trade.

SUSTAINABILITY IS PART OF THE PROCUREMENT PROCESS

In order to ensure that our suppliers share our values and meet our mandatory ethical, labor and environmental standards, we are integrating sustainability into every step of the procurement process.

Supplier selection
Potential suppliers must complete a self-assessment questionnaire including sustainability-related questions (covering environment, social and occupational safety).

Sustainability criteria in tenders
New and/or additional sustainability criteria were added to tenders conducted in 2020.

Purchase contracts
To become a supplier, companies must sign the Ontex Supplier Code of Conduct. The document is addended to our Purchasing contracts and includes a reference to our Ethical Sourcing policy.

Supplier performance monitoring
Sustainability performance is a distinct part of our supplier performance review. Suppliers are scored annually on their social and environmental performance so that together we understand and can mitigate risks. In 2020, we implemented a new tool to follow up on the environmental performance of our suppliers.

Supplier awards
Every other year, we celebrate the outstanding suppliers through our supplier awards, including a sustainability supplier award.

we aim to further increase the number of third-party social audits at suppliers in these countries and to set up mitigation actions with them to address any non-conformities.

ADVANCING ANIMAL WELFARE IN OUR VALUE CHAIN

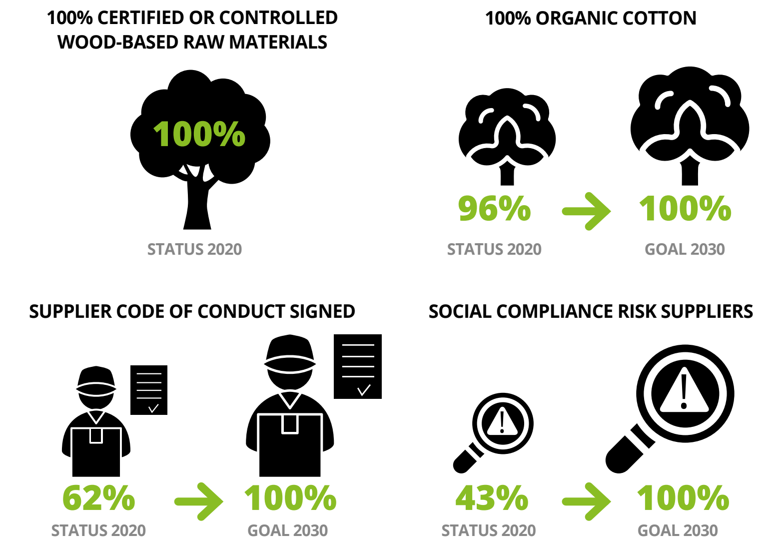
We are committed to eliminating animal testing as a method of determining product safety, and do not ask others to do it for us. Where a regulatory body demands animal-testing of ingredients in our products for its own safety or regulatory assessment, we seek alternative testing methods.

In 2020, we prepared the ground for the launch of the and cruelty-free[1] brand of our customer. It has set an important precedent for us. It is the first product completely free of animal derived substances. We have also started to map our suppliers to check for vegan and cruelty-free status of their materials.

1. Cruelty-free means that the product was developed without any tests on animals

OUR PROGRESS IN 2020

- 62% of our raw material and packaging suppliers now signed up to our Supplier Code of Conduct.
- 100% of wood-based raw materials such as pulp, airlaid and viscose comes from certified or controlled sources. In 2020, we further increased the share of certified sources versus controlled sources (81 vs 73%).
- All of our cotton tampons remain 100% organic. 96% Of all cotton used in our products is organic.
- We obtained OCS certification (to add to GOTS certification).
- Launch of the first 100% certified vegan and cruelty-free customer's brand



Revenue decrease, operating margin improvement, in a volatile environment

"In 2020, Ontex demonstrated great resilience as an organization. Against the harsh reality of the COVID-19 pandemic, the Group worked relentlessly to support its people, customers and local communities.

CHARLES DESMARTIS, CFO

2020 was marked by unprecedented volatility in demand, operating conditions and currencies related to the COVID-19 pandemic from March onwards.

After a surge in demand drove first quarter sales to record levels, in particular in Europe, activity dropped sharply in the second quarter, and thereafter demand across the traditional distribution channels did not return to pre-pandemic levels. In the second half of the year, sales were impacted by the accelerated shift to online sales, a trend which was already visible prior to the outbreak of the pandemic, where retail brands are less present. Furthermore, demand decreased in several emerging markets due to economic downturns and disruptions to shopping patterns. Sales and profitability also reflect the steep and lasting depreciation of most emerging market currencies.

REVENUE

Full year 2020 revenue of €2,087 million was down 3.1% on a like-for-like (LFL) basis, and down 8.5% on a reported basis. This includes a €130 million unfavorable currency effect from the major depreciation of several key functional currencies against the euro. The decrease in LFL sales mainly reflects lower demand for personal hygiene products in traditional retail channels as well as a net negative impact of historical contract gains and losses in Europe, partly offset by a resilient performance in the Healthcare Division and growth in Brazil, Turkey and the US.

ADJUSTED EBITDA

Adjusted EBITDA of €236 million in 2020 was down 3.9% compared with prior year, and Adjusted EBITDA margin was up 55 bps to 11.3%. Adjusted EBITDA benefited from strong procurement savings and lower raw material indices, but this could not fully outweigh the combined impact of lower sales and operating leverage, cost inflation, COVID-19 related costs of €14 million and a €74 million unfavorable currency effect.

FREE CASH FLOW

Free cash flow was €60 million. It was below a strong comparable in 2019 due to lower cash generation from recurring trade activities and higher outflows related to non-recurring items. Capital expenditure net of disposals was €105 million.

NET DEBT AND LEVERAGE

Net debt stood at €848 million at December 31, 2020, down 2% compared with December 31, 2019. Leverage remained under control at 3.6x at December 31, 2020, and we remained in full compliance with our bank debt leverage covenant ; however we aim at reducing our leverage to allow improved financial flexibility going forward.

CORPORATE GOVERNANCE STATEMENT

Ontex is committed to upholding high standards of corporate governance. It applies the Belgian Corporate Governance Code (2020) for listed companies (the "2020 Corporate Governance Code"), which can be found on the website of the Belgian Corporate Governance Committee (http://www.corporategovernancecommittee.be).

Further, Ontex has adopted a Corporate Governance Charter which describes the main aspects of Ontex's corporate governance, including its governance structure and the terms of reference of the Board, as well as those of the Board committees and of the Executive Committee. The Charter is available on the Ontex website.

(https://ontex.com/wp-content/uploads/2020/10/Ontex-Corporate-Governance-Charter-version-20201009.pdf).

Highlights of 2020 corporate governance matters

Ontex's ambition is to accelerate its path to profitable growth, for which corporate governance serves as a key catalyst. Over the course of the past financial year, Ontex took decisive action to implement substantial corporate governance changes. These changes focus on five corporate governance themes: leadership, governance, remuneration, environment and sustainability, and investor engagement. Some highlights are summarized below and explained in further detail in this Corporate Governance Statement (and the related Remuneration Report).

With respect to leadership and governance, Ontex took action on all levels. At Board level, Hans Van Bylen was elected as new chairman at the May 2020 annual shareholders' meeting, Frédéric Larmuseau was co-opted as new Board member, and the search process for an additional new Board Member (to replace Esther Berrozpe) was initiated. Secondly, the Board Committees have been leveraged to address business and strategic challenges, amongst other, by the creation of a Strategy Committee, by explicitly tasking the Audit and Risk Committee with Environmental, Social and Governance (ESG) matters and by changing the chair and composition of the Remuneration and Nomination Committee. Thirdly at executive level, a new dynamic was created within the Executive Committee: Esther Berrozpe was appointed as new CEO and about half of the Executive Committee's members were replaced, including the appointment of a new president of the Europe Division. The recruitment of a new CFO is in the process of being finalized, as per the succession planning. With these clear actions, Ontex aims to create a new dynamic, drive a performance-based culture and accelerate the strategic decision-making.

These changes with respect to leadership and governance have created a strong momentum for an increased performance-based culture. With that aim the Board and management initiated a comprehensive overhaul of our executive remuneration policy. This new remuneration policy will be submitted for approval to the shareholders at the upcoming annual shareholders meeting.

ESG has since long been a core mission of Ontex. This is increasingly being recognized in external ratings, and it is our ambition to embed this even more in our strategy going forward. To that end ESG is increasingly being formalized into our governance, our remuneration systems and our communications. Among others, Ontex has published its Sustainability Strategy 2030 with ambitious, quantified targets and a clear roadmap, which can be found on the Ontex website (https://ontex.com/wp-content/uploads/2020/05/Sustainability-strategy-2030.pdf).

Lastly, Ontex has invested and continues to invest in shareholder engagement. Despite the Covid-crisis, Ontex has conducted multiple in-depth discussions with shareholders and proxy advisors through a first corporate governance roadshow in early 2020, and a second one in early 2021. In addition, Ontex has devoted a substantial amount of Board availability and management resources to engage in bilateral shareholder discussions with activist shareholders throughout 2020. Ontex is committed to continue and reinforce this consistent, dynamic dialogue and alignment with investors.

Changes to the legal landscape

The corporate legal landscape changed substantially last year. On 1 January 2020, the new Belgian Code of Companies and Associations of 23 March 2019 (the "Belgian Code of Companies and Associations") and the 2020 Corporate Governance Code entered into force. In addition, in the course of 2020, the Belgian law implementing the European Shareholders Rights Directive II entered into force.

In light of those changes, Ontex adopted a new Corporate Governance Charter on 9 October 2020. Ontex thereby opted for a one-tier governance structure, as explained in further detail in this Corporate Governance Statement. Ontex also envisages to submit, at the next extraordinary shareholders meeting, a proposal for amendment of its Articles of Associations, in order to align the provisions thereof with the requirements of the Belgian Code of Companies and Associations.

Ambition going forward

Ontex's Board fosters the ambition to become a leading-edge Board, this way maximizing its added value towards the business. Going forward, the Board will continue its optimization endeavors on various levels. More specifically, the Board is currently reviewing the Board composition in terms of required expertise and experience needed for the future.

1. BOARD AND EXECUTIVE MANAGEMENT

1.1. Board composition

On 1 January 2021, the Board was composed as follows:

Name	Mandate Board	Other Mandates per 31 December 2020	Mandate Since	Mandate Expires
ViaBylity BV, represented by Hans Van Bylen	Chair, Independent Director	SN Airholding NV	2020	2024
Regina SARL, represented by Regi Aalstad	Independent Director	A drop in the ocean, Gmelius SA, Plair SA	2017	2021
Inge Boets BV, represented by Inge Boets	Independent Director	Euroclear SA, Econoholding NV, QRF Management NV, La Scoperta BV	2014	2022
Michael Bredael	Non-Executive Director	Upfield Group BV, Canyon Bicycles GmbH	2017	2021
Aldo Cardoso	Non-Executive Director	Bureau Veritas, Imerys, Worldline, DWS (Deutsche Wealth Management)	2019	2023
Frédéric Larmuseau	Independent Director		2020	2025[1]
Desarrollo Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero	Non-Executive Director	Member of the World Economic Forum	2016	2024

Jonas Deroo is appointed as Secretary to the Board.

Further details on the changes in Board composition are detailed in chapter 2.2 of this statement.

The following paragraphs set out the biographical information, skills and experience of the current members of the Board, including information on other director mandates held by these members. The Company considers that its directors possess the necessary skillsets and right competencies to guide and support management during the ongoing strategic review exercise and position the Company on the path to accelerated value delivery.

Hans Van Bylen

Chair of the Board of Directors, Independent Director

On 25 May 2020, ViaBylity BV, with Hans Van Bylen as permanent representative, was appointed Chair of Ontex Group NV, in replacement of Revalue BV, with Luc Missorten as its permanent representative, who resigned after 5 years as Chair of the Ontex Group NV Board of Directors. Hans Van Bylen, formerly CEO of Henkel, brings Ontex his deep knowledge of the industrial and consumer goods sector and breadth of experience spanning the FMCG industry, retail brand space, manufacturing and supply chain, digitalization, sustainability and leadership development. Hans Van Bylen previously served on the boards of GfK, Ecolab, the Consumer Goods Forum, the Alliance to End Plastic Waste and has been President of the German Chemical Industry Association (VCI). Moreover, he has also been member of the European Round Table for Industry (ERT). Hans Van Bylen holds a Master of Business Economics and an MBA from Antwerp Universities RUCA and UFSIA and certificates from executive education courses at Harvard Business School, INSEAD and IMD. In addition, Hans Van Bylen is also a board member at SN Airholding NV (Brussels Airlines).

Regi Aalstad

Independent Director

On 24 May 2017, Regi Aalstad was appointed as an Independent Director. Regi Aalstad has extensive leadership experience in global fast moving consumer goods, including in the categories in which the Company is active. Ms. Aalstad has held Regional General Manager and Vice President positions with Procter & Gamble

[1] Frédéric Larmuseau was co-opted as Independent Director, in replacement of Tegacon Suisse GmbH (with Gunnar Johansson as its permanent representative). His appointment is subject to ratification at the annual general shareholders' meeting. While such appointment by co-optation and the ratification thereof is, in principle, only valid for the remaining duration of the mandate of the Tegacon Suisse GmbH (*i.e.*, ending immediately after the annual general shareholders' meeting that will consider the approval of the annual accounts for the financial year ended 31 December 2021), the Board will propose to approve the appointment of Frédéric Larmuseau as Independent Director for a period which will end immediately after the general shareholders' meeting that will consider the approval of the annual accounts for the financial year ended December 2024.

in Asia, Europe, Middle East and Africa. She first joined P&G in the Nordics and held leadership roles in emerging markets for almost 20 years. Ms. Aalstad has previous board experience from the Geberit Group, the Telenor group and as chair of an international NGO. She is an advisor to Private Equity and investor and board member in tech start-ups from Switzerland. Ms. Aalstad holds a Master of Business Administration in International Business from University of Michigan, USA.

Inge Boets

Independent Director

Inge Boets BV, with Ms. Boets as its permanent representative, was appointed as Independent Director of Ontex Group NV as of 30 June 2014. Inge currently chairs the Audit and Risk Committee. She holds a master degree in applied economics from the University of Antwerp, Belgium. She was a partner with Ernst & Young from 1996 through 2011 where she was the Global Risk leader and held several other roles in audit and advisory. Currently, Inge is also an Independent Director and chairs the Audit and Risk Committee of Euroclear SA, and she chairs the Board of Econopolis NV and Econopolis Wealth Management and of QRF City retail. In addition, Inge Boets BV, with Ms. Boets as its permanent representative, is the manager of La Scoperta BV.

Michael Bredael

Non-Executive Director

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

Aldo Cardoso

Non-Executive Director

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

Frédéric Larmuseau

Independent Director

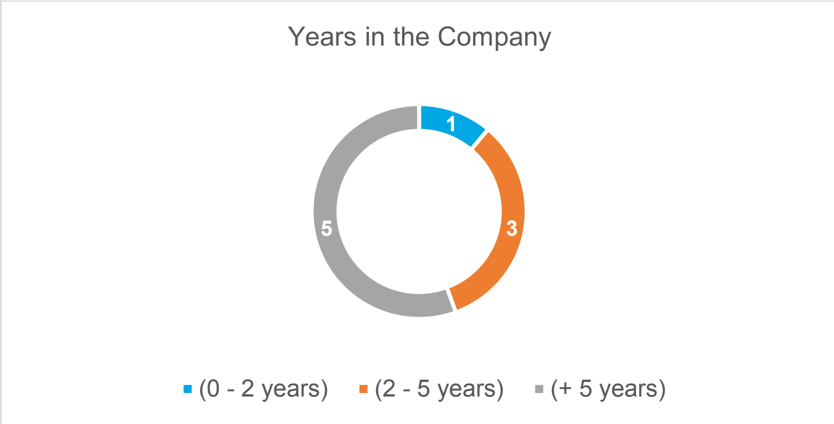
On 9 October 2020, following the resignation of Mr. Gunnar Johansson as independent director, the Board of Directors co-opted Mr. Frédéric Larmuseau as an independent non-executive director and will submit his appointment for ratification at the next shareholders meeting. Mr. Larmuseau brings to Ontex extensive experience in the consumer goods sector and a broad international outlook. Until recently he was the CEO of Jacobs Douwe Egberts, the Dutch coffee and tea company that recently listed on Euronext Amsterdam under the name JDE Peets Group. Prior to that, he worked for nearly 17 years at Reckitt Benckiser in several senior management positions in the Americas, Asia and the Middle East, following 7 years at Procter & Gamble in several senior marketing and management roles.

Juan Gilberto Marín Quintero

Non-Executive Director

Juan Gilberto Marín Quintero was appointed as Non-Executive Director as from 25 May 2016. He is the founder and former chair of Grupo Mabe. He holds a degree in Business Administration from Universidad Iberoamericana, Mexico City, Mexico, an MBA from Instituto Panamericano de Alta Direccion, Mexico City and a postgraduate in International Business from the British Columbia University, Vancouver, Canada as well as a diploma in Mergers and Acquisitions from Stanford University. Formerly, Juan Gilberto Marín Quintero has been the President of the National Council of Foreign Trade, Conacex, former President of the Advisory Board of Citibanamex in Puebla, and former President of the Advisory Board of NAFINSA in Puebla and Tlaxcala, member of the Advisory Board of Telmex and Bancomext. In addition, Juan Gilberto Marín Quintero is a member of the World Economic Forum and has been president at the Latin America

Entrepreneur Council and of the Board of Universidad de las Americas. Furthermore, Juan Gilberto Marín Quintero currently also develops Eolic Energy, consumer products, restaurants, textile industry and real estate in Mexico.



The following capabilities have been identified as important to have, given Ontex' current context:

Current/Past CEO	Current or recently retired (last ten years) CEO of a public company
International Experience	Experience leading a global business and understanding the challenges of entering new markets and navigating local and regional geopolitical sensitivities
Consumer and Retail Industry	A current or recently retired (5-7 years) executive or Board Director with significant experience leading a large organization with P&L ownership in a consumer-facing company or within the retail industry
Category experience	Current or recent experience and/or expertise with Ontex' product categories
Retail(er) / customer insight	Experience with selling to/creating value plays with retailers and a strong understanding of Private Label dynamics
Product Innovation	A former or current executive (B2C or B2B2C) with experience leading product development strategies, including developing disruptive products to help transform a business
Commercial	Has experience as a senior executive in a sales & marketing role. Has good understanding of trends in relevant geographic regions
Talent Management	Senior human capital leader (CHRO or Chief Talent Manager) within a large, global company who brings direct experience overseeing talent management, succession planning, and compensation expertise; has a track record of developing a strong talent pipeline and cultivating enterprise-wide cultural change.
Operations / manufacturing / supply chain / procurement	Has experience as an operations executive (COO, SVP Operations) or CEO with direct experience overseeing manufacturing, supply chain, and/or real estate or back-office operations
Digital and big data	Current (or recently retired) P&L owner of a consumer business with a significant / majority on-line component that owns the customer / user experience and/or with a significant digitization of the manufacturing/supply chain (Industry 4.0)
Financial/ audit expertise	Has experience as a public company CFO, senior investment professional or audit partner with broad financial expertise. Has a deep understanding of capital markets, capital allocation, M&A and investors
M&A	Has initiated, managed and closed M&A (buying and divesting) deals and has track record of successful Post-Merger Integration and/or carve-outs/sales processes
Capital markets expertise	Experienced investment or banking professional; highly skilled at identifying opportunities, allocating capital to earn strong ROI, and understanding business value drivers (e.g., private equity, asset management, or M&A) by bringing an investor perspective
Emerging markets	Has lived and worked in emerging markets with growth potential for Ontex
ESG	Has had experience with designing, implementing and reporting on Environment, Social and Governance - as an executive, board member (member of ESG committee) or policy maker

	Hans Van Bylen	Regi Aalstad	Inge Boets	Michael Bredael	Frederic Larmuseau	Aldo Cardoso	Gilberto Marin	Evaluation
Experience								
Current/Past CEO	●				●		●	Good coverage
International Experience	●	●	●	●	●	●	●	Good coverage
Expertise								
Consumer and Retail Industry	●	●			●		●	Good coverage
Category experience		●					●	Solid, room for future devpt
Retail(er) / customer insight								Focus for future devpt
Product Innovation					●			Focus for future devpt
Commercial	●		●					Solid, room for future devpt
Talent management					●	●		Solid, room for future devpt
Operations / manufacturing / supply chain / procurement		●					●	Solid, room for future devpt
Digital and big data	●							Focus for future devpt
Financial/ audit expertise			●	●		●		Good coverage
M&A	●			●		●		Good coverage
Capital markets expertise				●		●		Solid, room for future devpt
Emerging markets		●	●		●		●	Good coverage
ESG								Focus for future devpt

1.2. Board evolution in 2020

As mentioned, Ontex took decisive action on all levels of governance. On Board level, Hans Van Bylen was elected as new chairman at the May 2020 annual shareholders' meeting, Frédéric Larmuseau was co-opted as new Board member, and the search process for an additional new Board Member (to replace Esther Berrozpe) was initiated, as described in more detail below.

On 23 March 2020, Revalue BV, with Luc Missorten as its permanent representative, resigned as director of the Company.

Lubis BV[1], with Luc Missorten as its permanent representative, served as Ontex's chair until the 2020 annual shareholders' meeting at which point Lubis BV resigned. At the 2020 annual shareholders' meeting, Viability BV, with Hans Van Bylen as its permanent representative was appointed as Independent Director of Ontex. Subsequently, he was appointed by the Board of Directors as Chair.

Furthermore, following the resignation of Tegacon Suisse GmbH, with Gunnar Johansson as its permanent representative, Frederic Larmuseau was coopted as Independent Director on 9 October 2020.

On 21 December, Esther Berrozpe as member of the Board to become CEO as from 1 January 2021. The recruitment process is described in further detail in chapter 1.6.

Following these changes, on 1 January 2021, the Board was composed of seven members. All Board members are Non-Executive Directors of which four Independent Directors within the meaning of Article 7:87, §1 of the Belgian Code of Companies and Associations: ViaBylity BV (with Hans Van Bylen as its permanent representative), Inge Boets BV (with Inge Boets as its

[1] On the same date, the Board co-opted Lubis BV, with Luc Missorten as its permanent representative, as Independent Director of the Company and appointed Lubis BV, with Luc Missorten as its permanent representative, as Chair of the Board.

permanent representative), Regina SARL (with Regi Aalstad as its permanent representative), and Frédéric Larmuseau. Further there are three Non-Executive Directors: Desarrollo Empresarial Joven Sustentable SC (with Juan Gilberto Marin Quintero as its permanent representative), Michael Bredael and Aldo Cardoso.

In addition to the progress made over the past year, the Board continues to regularly review the Board composition in terms of required expertise and experience needed for the future. In accordance with the recommendations following the second Board assessment in the first quarter of 2021, the board envisages further actions in the course of this year, including the onboarding of a new – female – board member, for which the recruitment process has been initiated.

1.3. Board responsibilities and engagement

The individual attendance rate to the Board meeting during 2020 was as follows:

Name	Board Attendance[1]	Attendance Rate
Viabylity BV, represented by Hans Van Bylen[2]	21/21	100%
Revalue BV, represented by Luc Missorten[3]	3/3	100%
Lubis BV, represented by Luc Missorten[4]	5/5	100%
Regina SARL, represented by Regi Aalstad	29/29	100%
Esther Berrozpe	27/28	96,43%
Inge Boets BV, represented by Inge Boets	29/29	100%
Michael Bredael	29/29	100%
Aldo Cardoso	29/29	100%
Tegacon Suisse GmbH, represented by Gunnar Johansson[5]	19/19	100%
Frédéric Larmuseau[6]	10/10	100%
Desarrollo Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero	29/29	100%

During 2020, despite the Covid-crisis, the Board met 29 times, with an attendance rate close to 100%. The number of Board meetings was substantially higher than in previous years.

The agenda contained on the one hand recurring items such as strategic growth projects, operational and financial performance. In addition, the following topics required above-average board engagement. First,the Board thoroughly reviewed the initiation of a strategic review. A second matter that implied extensive deliberation concerned the various leadership changes. However, the majority of the additional Board availability was devoted to the matter of activist shareholder engagement, further detailed in this report.

1.4. Board review and assessments

Both in 2020 and in 2021, Ontex conducted a periodic Board assessment with the assistance of an external advisor, which consisted of the assessment of the board effectiveness, including a review of the composition, competencies, effectiveness and operating model of the Board. Such assessments were complemented by self-assessments by the Board.

Following the first Board assessment, recommendations were determined with respect to, amongst other, the strategic review, the succession planning, the board culture and the ESG agenda. Over 2020, the Board took decisive action to implement such recommendations, including the leadership changes both on Board and executive level. Secondly, the Board Committees have been leveraged to address business and strategic challenges, amongst other, by the creation of a Strategy Committee, by explicitly tasking the Audit and Risk Committee with Environmental, Social and Governance (ESG) matters and by changing the chair and composition of the Remuneration and Nomination Committee.

The second Board assessment determined substantial progress made and formulated further recommendations, amongst others, with respect to strategy, board culture and talent management. These recommendations were given high priority and according actions are envisaged for the year to come.

In addition, with respect to shareholder engagement, the Board took an innovate approach, and proactively reached out to the shareholders through a corporate governance roadshow organized in 2020. These efforts were repeated in early 2021 with a second corporate governance roadshow, aimed to capture feedback from shareholders on governance issues to drive our ambition to become a best in class board.

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

2 At the 2020 annual shareholders' meeting, Viability BV, with Hans Van Bylen as its permanent representative was appointed as Independent Director of Ontex. Subsequently, he was appointed by the Board as Chair.

3 On 23 March 2020, Revalue BV, with Luc Missorten as its permanent representative, resigned as director of the Company.

4 On 23 March 2020, following the resignation of Revalue BV, with Luc Missorten as its permanent representative, the Board co-opted Lubis BV, with Luc Missorten as its permanent representative, as independent director of the Company. Lubis BV, with Luc Missorten as its permanent representative, resigned as Chair of Board and Director at the annual shareholders' meeting of 25 May 2020.

5 Tegacon Suisse GmbH, with Gunnar Johansson as its permanent representative, resigned on 9 October 2020.

6 Frédéric Larmuseau was co-opted to the Board on 9 October 2020.

1.5. Board Committees

2020 highlights

During the past financial year, and after thorough evaluation of the learning of the 2020 Board assessment and the first corporate governance show, the Company has taken various decisive actions in terms of governance, by reviewing the composition, mission and functioning of the Board Committees:

The Board has created a Strategy Committee. The Strategy Committee, which is advisory committee, aims to enhance and expedite the Board's strategic decision-making, and to support Management's reshaping of the Company's strategic agenda.

The Board appointed Esther Berrozpe as Chair of the Remuneration and Nomination Committee, who was succeeded by Hans Van Bylen, and reinforced the Remuneration and Nomination Committee by adding Aldo Cardoso as member (replacing Michael Bredael).

The Board resolved to put Environmental, Sustainability and Governance (ESG) forward as a separate and explicit item on the agenda of the Audit and Risk Committee, ensuring a higher focus on this critical matter, as further described in detail below.

Audit and Risk Committee

In accordance with Article 7.99, §2 of the Belgian Code of Companies and Associations and the 2020 Corporate Governance Code, all members of the Audit and Risk Committee are Non-Executive Directors. While the legal requirement is to have at least one member who is independent, the Ontex Board decided that the Ontex Audit and Risk Committee should comprise a majority of independent members and that the mandate of Chair of the Audit and Risk Committee cannot be cumulated with the mandate of Chair of the Board. The chair and members of the Audit and Risk Committee collectively have the required skills and expertise regarding accounting and audit.

On 1 January 2021, the Audit and Risk Committee was composed as follows:

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

During 2020, the Audit and Risk Committee met 8 times. The attendance rate was 100%:

Name	A&R Committee Meetings Attended[1]	Attendance Rate A&R Committee
Inge Boets BV, represented by Inge Boets	8/8	100%
ViaBylity BV, represented by Hans Van Bylen[2]	5/5	100%
Michael Bredael	8/8	100%
Revalue BV, represented by Luc Missorten[3]	2/2	100%
Lubis BV, represented by Luc Missorten[4]	1/1	100%

Marc Gallet, VP Corporate Finance, is appointed as Secretary of the Audit and Risk Committee.

The Audit and Risk Committee is entrusted with the tasks set out in Article 7.99, §4 of the Belgian Code of Companies and Associations. It decided on the agenda, frequency and topics of its meetings, and reviewed the external and internal audit plan as well as compliance reporting, the half year financial statements and the external review on the half-year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates, the key risks, the ESG agenda of the Company.

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

[2] Viabyility BV, represented by Hans Van Bylen, was appointed as member to the Audit and Risk Committee subsequent to its appointment as member of the Board at the 2020 shareholders' meeting.

[3] Cfr. Footnote 5.

[4] Cfr. Footnote 6.

With respect to its roles and responsibilities, as further described within the Ontex' corporate governance charter, the Board made a clear choice to formally tasking the Audit and Risk Committee with the oversight of the Company's ESG initiatives, including:

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

With respect to the external audit, the mandate of PricewaterhouseCoopers Bedrijfsrevisoren BV ("PwC") and the replacement of the representative of PwC as statutory auditor of the Company has been renewed at the shareholders' meeting of 25 May 2020 until the shareholders' meeting that will consider the approval of the annual accounts for the financial year ending on 31 December 2022.

Remuneration and Nomination Committee

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

On 1 January 2021, the Remuneration and Nomination Committee was composed as follows:

Name	Position
Viabylity BV, represented by Hans Van Bylen	Independent Director, Chair of the Remuneration and Nomination Committee ad interim
Aldo Cardoso	Non-Executive Director
Regina SARL, represented by Regi Aalstad	Independent Director

During 2020, the Remuneration and Nomination Committee met 11 times. The attendance rate was 100%:

Name	R&N Committee Meetings Attended[1]	Attendance Rate R&N Committee
Tegacon Suisse GmbH, represented by Gunnar Johansson[2]	6/6	100%
Esther Berrozpe[3]	5/5	100%
Michael Bredael[4]	6/6	100%
Aldo Cardoso[5]	5/5	100%
Regina SARL, represented by Regi Aalstad	11/11	100%
ViaBylity BV, represented by Hans van Bylen[6]	7/7	100%
Revalue BV, represented by Luc Missorten[7]	3/3	100%
Lubis BV, represented by Luc Missorten[8]	1/1	100%

Astrid De Lathauwer, Executive VP HR is appointed as Secretary of the Remuneration and Nomination Committee.

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

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

[2] Tegacon Suisse GmbH, represented by Gunnar Johansson, resigned as Board member, and accordingly also as Chair of the Remuneration and Nomination Committee, on 9 October 2020. Esther Berrozpe succeeded him as Chair.

[3] Esther Berrozpe recused herself as a member from the Remuneration and Nomination Committee as soon as she presented her candidacy as CEO. ViaBylity BV, represented by Hans Van Bylen, succeeded her as Chair.

[4] Michael Bredael was replaced in the Remuneration and Nomination Committee by Aldo Cardoso on 7 October 2020.

[5] Aldo Cardoso joined the Remuneration and Nomination Committee as of 9 October 2020.

[6] Viabyility BV, represented by Hans Van Bylen, was assigned as member to Remuneration and Nomination Committee subsequent to its appointment as member of the Board at the 2020 shareholders' meeting.

[7] Aldo Cardoso joined the Remuneration and Nomination Committee as of 9 October 2020.

[8] Cfr. Footnote 6.

During 2020, the Remuneration and Nomination Committee reviewed the following topics:

- the leadership changes within the Board, succession of the CEO and CFO and various other changes with the Executive Committee;
- substantive revision of the remuneration policy, including amongst other, the executive remuneration, terms and conditions of employment in general, the key performance indicators and the long-term incentive plan, as further explained within the remuneration report.

Strategy Committee

The Strategy Committee has been created on 9 October 2020. The purpose of establishing this Committee is to reshape the Company's strategic agenda, to expedite the Board's strategic decision-making, and to shift focus to long term, forward looking items. The committee reports to the Board.

On December 31, 2020, the Strategy Committee was composed as follows:

Name	Position
ViaBylity BV, represented by Hans Van Bylen	Independent Director, Chair of the Strategy Committee
Frédéric Larmuseau	Independent Director
Regina SARL, represented by Regi Aalstad	Independent Director
Michael Bredael	Non-Executive Director

During 2020, the Strategy Committee met 12 times. The attendance rate was as 98%:

Name	Strategy Committee Meetings Attended	Attendance Rate Strategy Committee
ViaBylity BV, represented by Hans Van Bylen	12/12	100%
Frédéric Larmuseau	11/12	91,67%
Regina SARL, represented by Regi Aalstad	12/12	100%
Michael Bredael	12/12	100%

Jonas Deroo has been appointed as Secretary of the Strategy Committee.

As set forth in Article 5.4 of the Ontex Corporate Governance Charter, the Strategy Committee advises the Board principally on matters regarding the Company's strategy and long-term value creation, and shall, in particular:

- focus on the Group's sense of purpose, strategic priorities and values as a key driver for innovation, growth and leadership;
- assess industry developments and the impact of industry trends and changes in the competitive activity on the business plan and the Company's performance;
- review the Company's medium and long-term strategy and the business plan, as prepared by the Executive Committee before they are submitted to the Board;
- prepare the decision-making of the Board in relation to strategic aspects of transactions or other operations presented to the Board. To this end, the Strategy Committee issues recommendations on strategic transactions or other strategic operations (such as acquisition or disposal of companies/significant assets, creating or discontinuing presence in a country, diversification into a new business or discontinuation of a certain business, the entry into or termination of strategic alliances or longer-term cooperation agreements) presented by the CEO and/or the Executive Committee to the Board; and
- monitor the implementation of strategic projects and of the business plan including the Company's progress against strategic goals.

During 2020, the Strategic Committee focused mainly on strategic review and the examination of strategic growth projects/opportunities.

1.6. Executive Management

The following table shows the composition of the Executive Committee on 1 January 2021, respectively:

Position	Situation per 1 January 2021
Chief Executive Officer	Esther Berrozpe
Chief Financial Officer and Executive Vice-President Finance & IT	Charles Desmartis
President of the AMEAA Division	Armando Amselem
President of the Europe Division	Laurent Nielly
President Healthcare Division	Marex BV with Xavier Lambrecht as its permanent representative
Executive Vice-President Human Resources	Astrid De Lathauwer
Executive Vice-President R&D, Quality & Sustainability	Annick De Poorter
Executive Vice-President Operations	Axel Löbel
Executive Vice-President Legal and General Secretary	Jonas Deroo

Further details on the changes in composition of the Executive Committee are detailed further in this statement. The following paragraphs set out the biographical information, skills and experience of the current members of the Executive Committee.

Esther Berrozpe

Chief Executive Officer

Esther Berrozpe was appointed on 1 January 2021 as Chief Executive Officer. Esther has over 25 years of experience in the consumer goods area through marketing roles within FMCG at Paglieri (personal care), Sara Lee (underwear) and Wella (cosmetics) and senior P&L leadership roles at Whirlpool (BTC and BTBTC) in Europe and in the USA. In her last role at Whirlpool, Esther was member of the Global Executive Committee as EVP and President of Europe, Middle East and Africa, having the full P&L responsibility for its $5 billion business in EMEA, with 24.000 employees across 35 countries, 15 production sites and distribution to more than 140 countries. In addition, Esther is a member of the Board of Directors of Fluidra.

Armando Amselem

President of the AMEAA Division

He joined the Ontex Group from Vita Coco where he served as Global Chief Financial Officer. Prior to Vita Coco, Armando Amselem held various management positions in Europe and the US during his 20-year career with PepsiCo, including General Manager of Tropicana North America and General Manager of PepsiCo France. He also worked for Santander Investment Bank, and Alella Vinicola. Armando holds an MBA from New York University Leonard Stern School of Business, USA, a master's degree in Enology and a bachelor's degree in Agronomic Engineering and Food Sciences from Universidad Politecnica de Barcelona in Spain.

Astrid De Lathauwer

Executive Vice-President Human Resources

Astrid De Lathauwer joined the Ontex Group on 1 October 2014 after holding a number of leading human resources functions. Astrid held international HR leadership roles at AT&T in Europe, at their US headquarters, and at Monsanto. For 10 years, Astrid was the Chief HR Officer of Belgacom. Before joining the Ontex group, she was Managing Director of Acerta Consult. Astrid holds degrees in Political & Social Science and History of Art. Astrid is a board member at and chairs the Remuneration Committee of Colruyt and Immobel.

Annick De Poorter

Executive Vice-President R&D, Quality and Sustainability

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

Jonas Deroo

Executive Vice-President Legal & Secretary General

Jonas Deroo joined the Ontex Group in April 2015. Jonas Deroo holds a law degree of the University of Ghent, Belgium and a Master of Laws degree from Harvard University, US. Prior to joining the Ontex Group, Jonas Deroo was Associate General Counsel at Bpost, the Belgian postal operator. He started his career as an attorney, as counsel and senior counsel in various law firms.

Charles Desmartis

Chief Financial Officer and Executive Vice-President Finance & IT

Charles Desmartis joined the Ontex Group in November 2018. Charles Desmartis holds an MBA from the Ecole des Hautes Etudes Commerciales in Paris and a Master of Science in Management from Stanford University, US. Prior to joining the Ontex Group, Charles Desmartis has held senior finance and CFO positions at Schlumberger, Gemalto and subsequently Europcar before joining Carrefour as Group Financial Controller. Most recently, he held the CEO position for the Carrefour Group in Brazil, where he led the preparation and execution of the IPO of the company. Charles Desmartis has announced its retirement and the recruitment process for his replacement is ongoing.

Xavier Lambrecht

President of the Healthcare Division

Xavier Lambrecht, permanent representative of Marex BV, joined the Ontex Group in early 2009 as Sales & Marketing Director of the Healthcare Division. Prior to that, he held different roles within Sales Development, Marketing and Business Planning at Imperial Tobacco. Xavier holds a master's degree of Commercial Engineering from the University of Leuven, Belgium.

Axel Löbel

Executive Vice-President Operations

Axel Löbel joined the Ontex Group in February 2019. He holds a Master's degree in Electrical Engineering – subject area communications – from one of the top German Universities, and has more than twenty-five years of professional experience in Operations. Prior to joining the Ontex Group, Axel Löbel has held various positions within Procter and Gamble Baby Care evolving from electrical support to production, logistics and then leading the development and implementation of global product upgrades. In 2008, he led a green field start-up of a Procter & Gamble diaper plant in Cairo, Egypt. In 2013 he joined Melitta as COO, leading the end-to-end supply chain of their consumer goods business. Most recently, he held the General Manager position of one of the key fulfilment centers of Amazon, based in Prague.

Laurent Nielly

President Europe Division

Laurent Nielly joined the Ontex Group in July 2017 to lead the then recently acquired business in Brazil, and has been appointed as President of the Europe Division in January 2021. Over the past 3+ years he and his team have transformed the Company's operation in the face of many challenges, offsetting severe currency devaluation with productivity, returning the business to double digit growth and creating a winning culture across all areas of the company. Laurent Nielly is also bringing more than 25 years of experience earned in Europe, the US and Latin America and across strong companies like P&G, McKinsey & Company, PepsiCo and Coty. He started in finance and strategy, developed expertise in innovation and commercial excellence before taking P&L responsibilities.

Over the course of 2020, the Executive Committee underwent substantial changes in terms of leadership. A new dynamic was created within the Executive Committee: Esther Berrozpe was appointed as new CEO and about half of the Executive Committee's members were replaced, including the appointment of a new president of the Europe Division. The recruitment of a new CFO is in the process of being finalized, as per the succession planning.

With effect of 1 January 2021, Esther Berrozpe was appointed as new CEO, subsequent to the following recruitment process;

Following the termination of the mandate of Charles Bouaziz, effective as of 30 July 2020, Ontex engaged Spencer Stuart to assist the Company with the CEO search process.

On 19 September 2020, Spencer Stuart presented a number of external candidates to the Remuneration and Nomination Committee. On that basis, the Committee made a shortlist of candidates, thereby also taking into account internal candidates. Following in-depth interviews conducted by Spencer Stuart, Hans Van Bylen and Gunnar Johansson, this list was further narrowed down to four candidates.

Between September and beginning December, these candidates were interviewed by all Board members. During this process, following the resignation of Gunnar Johansson, the previous Chair of the Remuneration and Nomination Committee, Esther Berrozpe was appointed as Chair of the Remuneration and Nomination Committee.

On 8 December, the results of the various interviews and the Executive Assessment Protocol conducted by Spencer Stuart for each of the candidates were presented to the Remuneration and Nomination Committee.

On 9 December, Esther Berrozpe expressed her availability and interest in, and presented her candidacy for, the CEO position to Hans Van Bylen. As a matter of good governance, at such time Hans Van Bylen de facto took over the lead of the process and the next steps of the CEO search process to avoid any concerns regarding conflicts of interest. Between 11 and 15 December, Esther Berrozpe was interviewed, and Spencer Stuart conducted an identical assessment process for Ester Berrozpe as it had done for the other candidates (Executive Assessment Protocol), thus following the exact same process as the other candidates.

During the Remuneration and Nomination Committee of 16 December 2020, ahead of the update on the CEO process, Esther Berrozpe declared that, due to her candidacy for the permanent CEO position of the Company, and as a matter of good governance, she temporarily stepped down as chair of the Remuneration and Nomination Committee until the Board had taken a final decision on the permanent CEO and also abstained from any Remuneration and Nomination Committee discussion, deliberation and vote on (i) the appointment of the permanent CEO and (ii) any other topic that may create any (impression of) conflict of interest with the appointment of the permanent CEO (such as, among others, the remuneration policy).

Thereafter, an update of the CEO process was presented to the other members of the Remuneration and Nomination Committee.

Subsequently, the Remuneration and Nomination Committee deliberated and concluded, based on the interest of the Company and the clear capabilities and skills of Esther Berrozpe, to recommended to the Board the appointment of Esther Berrozpe as permanent CEO. Subsequently, the Committee deliberated on the remuneration proposal.

After careful deliberation, the Remuneration and Nomination Committee resolved unanimously to recommend to the Board to adopt the following resolutions:

- approve the appointment, in principle, of Esther Berrozpe as CEO of the Company, subject to (i) the Company reaching an agreement with Esther Berrozpe on the key terms of a services agreement and (ii) the confirmation of such appointment by the Board based on such negotiated key terms;
- if the appointment of Esther Berrozpe is confirmed, authorize her to keep one board mandate; and
- authorize ViaBylity BV, with Mr. Hans Van Bylen as its permanent representative, and Astrid De Lathauwer, acting jointly and with the power of substitution, to, on behalf of the Company negotiate the terms of the services agreement to be entered into between Esther Berrozpe and the Company for her mandate as CEO.

Also on December 16, 2020, the Board convened and after deliberation, resolved to approve the resolutions proposed by the Remuneration and Nomination Committee. Before the discussion on the agenda item regarding the CEO search process started, Ester Berrozpe, declared that she has a conflict of interest, as defined in article 7:96 of the Belgian Code of Companies and Associations, and abstained from the deliberation and vote on that agenda item.

Between December 17-20, the Company and Esther Berrozpe discussed the terms of her potential services agreement.

On December 21, Esther Berrozpe resigned as member of the Board, in light of her candidacy as CEO of the Company. Later that day, the Board, by way of unanimous written resolutions, resolved to confirm the appointment of Esther Berrozpe as CEO of the Company with effect as of January 1, 2021 and to approve the key terms of her services agreement.

In addition to the replacement of the CEO, the following changes were implemented within the Executive Committee, in November 2020;

Philippe Agostini, VP Procurement and Supply Chain, left the company. His responsibilities have been assumed by Thierry Navarre. Upon the leave of Thierry Navarre, the responsibilities have been allocated to other members of the Executive Committee and senior management.

Jonas Deroo, general counsel of the Ontex group since April 2015, joined the Executive Committee as Executive VP and Secretary General.

Laurent Bonnard, president of Europe Division, left the company, and Lilian Girlea became President of Europe Division ad interim. As from January 2021, Laurent Nielly was appointed as President of Europe Division.

Lastly, the recruitment process for the new CFO, replacing Charles Desmartis, is being finalized.

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

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

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

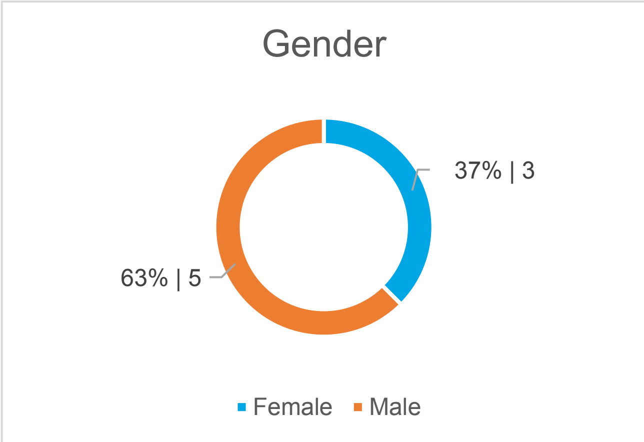
During 2020, the Executive Committee met monthly and discussed, among others, the following topics;

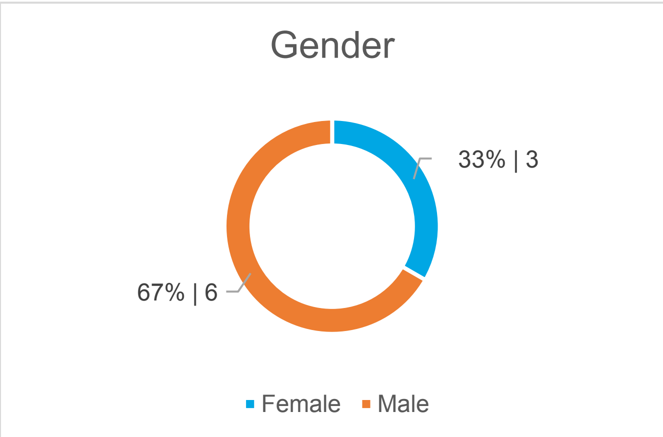
- Strategic review
- Action plan following COVID-pandemic;
- Strategic growth projects;
- Financial and operational performance;
- Organizational model;
- Ontex's Sustainability Strategy 2030;
- Compliance and GDPR review.

1.7. Diversity within the Board and Management Committee

Ontex continues to promote diversity and equal opportunities. The Company has adopted a diversity policy.

In practice, on 1 January 2021, the Company had 2 female Board members, *ie,* Inge Boets, as permanent representative of Inge Boets BV, and Regi Aalstad, as permanent representative of Regina SARL, representing 28.6% of the Board members. The Remuneration and Nomination Committee evaluates the composition of the Board on a yearly basis and formulates suggestions to the Board, while, among other things, taking into account the gender composition and other diversity elements. The Company complies with the requirement that at least one-third of the members of the Board should be of the opposite gender as the gender of the majority, as set out in Article 7:86 of the Belgian Code of Companies and Associations. In addition, the Board included 4 nationalities.





On 1 January 2021, Ontex's Executive Committee counts 3 female members out of 9, or 33%. The Executive Committee is led by Esther Berrozpe. Being one of the few female CEOs of Belgian listed companies, she plays a true examplary role. In terms of nationality, the Executive Committee includes 4 nationalities.

In meantime the Company has initiated the search process to for an additional female Board member in replacement of Esther Berrozpe, in order to guarantee at least the same level of diversity going forward.

2. CAPITAL, SHAREHOLDERS AND INVESTOR ENGAGEMENT

2.1. Capital and capital evolution

At 31 December 2020, the capital of Ontex Group NV amounted to €823,587,466.38 and was represented by 82,347,218 shares without nominal value. Each share represents 1/82,347,218th of the capital and carries one vote. The shares are listed on Euronext Brussels.

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

The grants made by Ontex under its LTIP provide for a three-year vesting period. Accordingly, the grants that were made in 2017 vested as from 2020.

Ontex has entered into the forward purchase agreements in order to hedge its obligations under grants made in the framework of its LTIP. These consist of one-year forward purchase agreements, which are being extended on a yearly basis.

As of 31 December 2020, the following purchase agreements were outstanding in respect of Ontex’s own shares:

Date	Maturity	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 1 July 2016 and extended on 22 June 2020	21 June 2021	291,757	€ 28.965	€ 30.515*	€ 27.145*
Originally entered into on 22 June 2017 and extended on 22 June 2020	21 June 2021	332,043	€ 32.298	€ 33.405**	€ 31.555**
Originally entered into on 22 June 2018 and extended on 22 June 2020	21 June 2011	536,409	€ 22.471	€ 24.240***	€ 19.200***

* The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 20 June 2016 until 1 July 2016 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 28.965 was determined.

** The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 7 June 2017 until 22 June 2017 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 32.298 was determined.

*** The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 29 May 2018 until 22 June 2018 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 22.4709 was determined.

More details about the vested stock options and RSUs can be found in the Remuneration Report.

More details about the forward purchase agreement can be found in the financial statements, note 7.5.6.

Pursuant to the above, on 31 December 2020, 284,904 shares of the Company were held by the Company.

On 31 December 2020, 16,335,273 shares of the Company were registered shares.

2.2. Shareholder evolution

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

In the course of 2020, the Company received the following transparency declarations:

On 7 January 2020, Morgan Stanley notified Ontex that its wholly owned subsidiary Morgan Stanley & Co. International Plc holds, as a result of the acquisition of voting securities or voting rights, 4,173,110 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5.07%.

On 13 January 2020, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, 4,230,954 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5.14%. On the same date Bank of America Corporation has also notified Ontex that its wholly owned subsidiary Merrill Lynch International holds, as a result of the acquisition of voting securities or voting rights, 2,489,050 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3.02%.

On 29 January 2020, Bank of America Corporation notified Ontex that it had, as a result of the disposal of voting securities or voting rights, crossed below the threshold of 5% of the total number of voting rights in Ontex.

On 10 February 2020, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of equivalent financial instruments 5,281,209 voting rights in Ontex that may be acquired if the instruments are exercised and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 6.41%.

On 11 February 2020, Bank of America notified Ontex that it holds, as a result of the acquisition of voting securities or equivalent financial instruments, 4,557,196 voting rights in Ontex that may be acquired if the instruments are exercised and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5.53%.

On 12 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of voting securities, and the disposal of equivalent financial instruments, 6,092,552 voting rights in Ontex that may be acquired if all of the instruments are exercised. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed at 7.40%; the disclosure obligation arose due to voting rights attached to shares going above 3.00% and at the same time equivalent financial instruments falling below 5.00%.

On 16 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of voting securities, and the disposal of equivalent financial instruments, 6,000,576 voting rights in Ontex that may be acquired if all of the instruments are exercised. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed at 7.29%; the disclosure obligation arose due to voting rights that may be acquired if the instruments are exercised falling below 3.00% and at the same time total voting rights and equivalent financial instruments held by Morgan Stanley & Co. International plc falling below 5.00%.

On 17 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the disposal of voting securities and the acquisition of equivalent financial instruments, 6,029,026 voting rights in Ontex that may be acquired if all of the instruments are exercised. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed at 7.32%; the disclosure obligation arose due to voting rights attached to shares falling below 3.00%, voting rights that may be acquired if the instruments are exercised crossing above 3.00%, and at the same time total voting rights and equivalent financial instruments held by Morgan Stanley & Co. International plc crossing above 5.00%.

On 18 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the disposal of voting securities and the acquisition of equivalent financial instruments, 5,773,806 voting rights in Ontex that may be acquired if all of the instruments are exercised. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed at 7.01%; the disclosure obligation arose due to voting rights that may be acquired if the instruments are exercised crossing above 5.00%, and at the same equivalent financial instruments held by Morgan Stanley & Co. International plc crossing above 3.00%.

On 20 March 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the acquisition of voting securities and equivalent financial instruments, 3,308,213 voting rights in Ontex that may be acquired if all of the instruments are exercised, and so had crossed the threshold of 3.00% of the total number of voting rights in Ontex to 4.02%.

On 23 March 2020, Morgan Stanley notified Ontex that its subsidiary Morgan Stanley & Co. International plc holds, as a result of the acquisition of equivalent financial instruments, 4,332,352 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed the 5.00% threshold in equivalent financial instruments in its own right to 5.26%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed, at 7.43%.

On 24 March 2020, Morgan Stanley notified Ontex that its subsidiary Morgan Stanley & Co. International plc holds, as a result of the disposal of equivalent financial instruments, 3,505,732 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed below the 5.00% threshold in equivalent financial instruments in its own right to 4.26%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed, at 7.00%.

On 25 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of voting securities and equivalent financial instruments, 6,307,773 voting rights and voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed the 7.50% threshold of the total number of voting rights in Ontex to 7.66%.

On 26 March 2020, Morgan Stanley notified Ontex that its subsidiary Morgan Stanley & Co. International plc holds, as a result of the acquisition of equivalent financial instruments, 4,445,504 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed the 5.00% threshold in equivalent financial instruments in its own right to 5.40%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 7.50% threshold previously disclosed, at 7.72%.

On 27 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the disposal of equivalent financial instruments, 4,441,711 voting rights in Ontex that may be acquired if all of the instruments are exercised, and so has crossed below the 7.50% of the total number of voting rights in Ontex to 5.39%.

On 27 March 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the acquisition of voting securities, 4,147,002 voting rights in Ontex that may be acquired if all of the instruments are exercised, and so had crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.04%.

On 30 March 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the disposal of voting securities, 3,874,649 voting rights in Ontex that may be acquired if all of the instruments are exercised, and so had crossed below the threshold of 5.00% of the total number of voting rights in Ontex to 4.71%.

On 31 March 2020, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of equivalent financial instruments, 4,380,377 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed the 5.00% threshold of the total number of voting rights in Ontex to 5.32%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed, at 5.51%.

On 1 April 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the acquisition of voting securities, 4,365,973 voting rights in Ontex that may be acquired if all of the instruments are exercised, and so had crossed the threshold of 3.00% of the total number of voting rights in Ontex to 5.30%.

On 15 April 2020, Morgan Stanley notified Ontex that it holds, as a result of the disposal of equivalent financial instruments, 3,636,111 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed below the 5.00% threshold of the total number of voting rights in Ontex to 4.42%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed, at 5.64%.

On 16 April 2020, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of equivalent financial instruments, 4,205,705 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed the 5.00% threshold of the total number of voting rights in Ontex to 5.11%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed, at 5.97%.

On 16 April 2020, ENA Investment Capital notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, 12,345,049 shares in Ontex and has so crossed above the threshold of 10.00% of voting securities in Ontex on 15 April 2020 to 14.99%. At the same time, as a result of the disposal of equivalent financial instruments, ENA Investment Capital notified Ontex that it has crossed below the threshold of 3% on 15 April 2020. ENA Investment Capital's total holding in Ontex at the time of this disclosure remains above the 10.00% threshold previously disclosed, at 14.99%.

On 17 April 2020, Morgan Stanley notified Ontex that it holds, as a result of the disposal of equivalent financial instruments, 3,555,194 voting rights attached to equivalent financial instruments in Ontex that may be acquired if all of the instruments are exercised, and so has crossed below the 5.00% threshold of the total number of voting rights in Ontex to 4.32%. Morgan Stanley's total holding in Ontex at the time of this disclosure remains above the 5.00% threshold previously disclosed, at 6.00%.

On 20 April 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, 3,258,778 shares in Ontex and has so crossed below the threshold of 5.00% of voting securities in Ontex on 15 April 2020 to 3.96%.

On 22 April 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, 2,209,469 shares in Ontex and has so crossed below the threshold of 3.00% of voting securities in Ontex on 17 April 2020 to 2.68%.

On 22 April 2020, The Goldman Sachs Group, Inc. notified Ontex that it holds, as a result of the acquisition of equivalent financial instruments, 2,720,728 shares in Ontex and has so crossed above the threshold of 3.00% of voting rights in Ontex on 17 April 2020 to 3.30%.

On 24 April 2020, The Goldman Sachs Group, Inc. notified Ontex that as a result of the disposal of equivalent financial instruments, it has crossed below the threshold of 3.00% of voting securities in Ontex on 22 April 2020.

On 30 April 2020, ENA Investment Capital notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, 12,411,999 shares in Ontex and has so crossed above the threshold of 15.00% of voting securities in Ontex on 29 April 2020 to 15.07%.

On 14 May 2020, Zadig Asset Management SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, 2,651,884 shares in Ontex and has so crossed above the threshold of 3.00% of voting securities in Ontex on 13 May 2020 to 3.22%.

On 7 July 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, 2,528,510 shares in Ontex and has so crossed above threshold of 3.00% of voting securities in Ontex on 1 July 2020 to 3.07%.

On 17 July 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, 2,261,451 shares in Ontex and has so crossed below threshold of 3.00% of voting securities in Ontex on 13 July 2020 to 2.75%.

On 31 July 2020, Bank of America Corporation notified Ontex that as a result of the disposal of voting rights and equivalent financial instruments, it has crossed below the threshold of 3.00% of the total number of voting rights in Ontex on 28 July 2020.

On 3 August 2020, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities and equivalent financial instruments, 8,352,436 voting rights in Ontex that may be acquired if the instruments are exercised, and so has crossed above the threshold of 10.00% of the total number of voting rights in Ontex on 29 July 2020 to 10.14%.

On 4 August 2020, Bank of America Corporation notified Ontex that it holds, as a result of the disposal of voting securities and the acquisition of equivalent financial instruments, 8,206,771 voting rights in Ontex that may be acquired if the instruments are exercised and so has crossed below the threshold of 10.00% of the total number of voting rights in Ontex on 30 July 2020 to 9.97%.

On 6 August 2020, Bank of America Corporation notified Ontex that as a result of the disposal of financial instruments that are treated as voting securities, it has crossed below the threshold of 3.00% of the total number of voting rights in Ontex on 31 July 2020.

On 7 August 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the acquisition of voting securities and equivalent financial instruments, 2,641,340 voting rights in Ontex that may be acquired if the instruments are exercised, and so has crossed above the threshold of 3.00% of the total number of voting rights in Ontex on 4 August 2020 to 3.21%.

On 13 August 2020, DWS Investment GmbH notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, 2,333,905 shares in Ontex and has so crossed below threshold of 3.00% of voting securities in Ontex on 7 August 2020 to 2.83%.

On 29 December 2020, Janus Henderson Group plc notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, 2,453,210 shares in Ontex and has so crossed below threshold of 3.00% of voting securities in Ontex on 24 December 2020 to 2.98%.

We refer to our website for transparency declarations received after 31 December 2020.

2.3. Shareholder structure

Based on the transparency declarations received by the Company the shareholder structure of the Company on 31 December 2020[1] was as follows:

Shareholders	Shares	%[2]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	3 December 2018
ENA Investment Capital	12,411,999	15,07%	29 April 2020
The Pamajugo Irrevocable Trust	2,722,221	3,64%	29 February 2016
Zadig Asset Management SA	2,651,884	3,22 %	14 May 2020
CIAM	2,614,990	3,18%	18 June 2019

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

2.4. Investor engagement

Over the course of 2020, the Board and management intensified the engagement with its investors. Despite the covid-19 crisis, the Board members and management conducted multiple in-depth discussions, including through a corporate governance roadshow, that was repeated in the beginning of 2021.

In addition, Ontex has devoted a substantial amount of Board availability and management resources to engage in bilateral shareholder discussions with activist shareholders throughout 2020.

Also, for the future, Ontex Management under the impulse of its new CEO, Esther Berrozpe, is committed to consistent, dynamic dialogue and alignment with investors.

More specifically, the Board responded and continues to respond to each of the numerous demands, questions and allegations received by certain shareholders in a constructive matter, including by way of significant numbers of extensive meetings with activist shareholders attended by the chairman.

2.5. Dealing and Disclosure Code

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

[1] Updates subsequent to 31 December 2020 are described on our website (https://ontex.com/investors/shareholder-resources-center/).

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

3. RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID

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

3.1. Capital Structure

A comprehensive overview of our capital structure at 31 December 2020 can be found in chapter 2 of this Corporate Governance Statement.

3.2. Restrictions on transfers of securities

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

3.3. Holders of securities with special control rights

There are no holders of securities with special control rights.

3.4. Employee share plans where the control rights are not exercised directly by the employees

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

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

3.5. Restrictions on the exercise of voting rights

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

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

3.6. Rules on appointment and replacement of Board members

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

3.7. Rules on amendments to the Articles of Association

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

3.8. Authorized capital

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

The Board may increase the registered capital of the Company in one or several times by an amount cumulated over 5 years of:

- maximum 50% of the amount of the registered capital as such amount is recorded immediately after the shareholders' meeting of 25 May 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the shareholders' meeting of 25 May 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders.

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

3.9. Acquisition of own shares

On 25 May 2018 the Extraordinary Shareholders' meeting renewed the authorization towards the Board with respect to the acquisition of own shares subject to the following conditions:

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

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

3.10. Material agreements to which Ontex is a party containing change of control provisions

3.10.1. Senior Facilities Agreement

The Company, and certain of its subsidiaries as guarantors, entered into a 5-year multicurrency credit facilities agreement dated 26 November 2017 (the "Senior Facilities Agreement 2017") for an amount of €900,000,000, comprising a term loan of €600,000,000 and a revolving credit facility of €300,000,000, for the purpose of, among others, repaying the senior facilities agreement entered into in 2014 as amended and/or restated from time to time, and for general corporate purposes.

The Senior Facilities Agreement 2017 contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Senior Facilities Agreement 2017 provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders' meeting may lead to a mandatory prepayment and cancellation under the Senior Facilities Agreement 2017.

3.10.2. Facilities Agreements

The Company, and certain of its subsidiaries as guarantors, entered into a 7-year multicurrency credit facilities agreement dated 4 December 2017 (the "Facilities Agreement 2017") for an amount of €250,000,000, comprising a term loan of €150,000,000 and an accordion of €100,000,000, for the purpose of among others repaying certain senior secured notes, and for general corporate purposes.

The Facilities Agreement 2017 contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Facilities Agreement 2017 provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders' meeting may lead to a mandatory prepayment and cancellation under the Facilities Agreement 2017.

3.10.3. Factoring Agreement

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

3.10.4. Hedging Agreement

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

3.10.5. Guarantee Agreement

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

All change of control provisions as listed above were subject to shareholders' approval in accordance with Article 7:151 of the Belgian Code of Companies and Associations (previously, Article 556 of the (former) Belgian Companies Code) and have been approved by the shareholders' meeting.

3.11. Severance pay pursuant to termination of contract of Board members executive officers or employees pursuant to a takeover bid

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

Please see chapter 8.3. of the Remuneration Report on termination provisions of the members of the Board and the Executive Committee in general.

4. CONFLICTS OF INTERESTS

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

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

The following conflict of interest within the meaning of Article 7.96 of the Belgian Code of Companies and Associations arose in 2020:

On December 16, 2020, the Remuneration and Nomination Committee and the Board resolved on the CEO search process. Prior to discussing this item, Esther Berrozpe declared to have a conflict of interest in accordance with Articles *article 7:96* of the Belgian Companies Code. The relevant section of the minutes can be found below in its entirety:

Extract Remuneration and Nomination Committee and Board of Directors of 16 December 2020;

"Before the discussion started, Esther Berrozpe indicated that she may have a direct or indirect personal and conflicting interest with respect to this agenda item, due to her candidacy for the permanent CEO position of the Company. As a matter of good governance, Esther Berrozpe declared to have temporarily stepped down as chair of the RNC until the Board has taken a final decision on the permanent CEO and, for such time, to also abstain from any RNC discussion, deliberation and vote on (i) the appointment of the permanent CEO and (ii) any other topic that may create any (impression of) conflict of interest with the appointment of the permanent CEO (such as, among others, the remuneration policy). Esther Berrozpe then left the meeting.

After due and careful deliberation, the Nomination and Remuneration Committee then resolved unanimously to recommend to the Board to adopt the following resolutions:

- *approve the appointment, in principle, of Esther Berrozpe as CEO of the Company, subject to (i) the Company reaching an agreement with EB on the key terms of a services agreement and (ii) the confirmation of such appointment by the Board based on such negotiated key terms;*
- *if the appointment of Esther Berrozpe is confirmed, authorize her to keep one board mandate; and*
- *authorize ViaBylity BV, with Mr. Hans Van Bylen as its permanent representative, and Astrid De Lathauwer, acting jointly and with the power of substitution, to, on behalf of the Company negotiate the terms of the services agreement to be entered into between Esther Berrozpe and the Company for her mandate as CEO.*

Subsequently the Board convened.

Before the discussion on the agenda item regarding the CEO search process started, Ester Berrozpe, declared that she has a conflict of interest, as defined in article 7:96 of the Belgian Code of Companies and Associations, and abstained from the deliberation and vote on that agenda item.

The Board, after deliberation, resolved to approve the resolutions proposed by the Remuneration and Nomination Committee.

5. RELATED PARTY TRANSACTIONS

During 2020, Ontex Group NV has not entered into transactions with related parties within the meaning of Article 7:97 of the Belgian Code of Companies and Associations.

6. COMPLIANCE WITH THE 2020 CORPORATE GOVERNANCE CODE

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

On 9 October 2020, when the Company’s Corporate Governance Charter was amended to comply with the requirements of the 2020 Corporate Governance Code, the Board opted to implement a one-tier governance structure. Ontex’s prior governance structure, consisting of a board of directors and a management committee (*directiecomité*) within the meaning of article 524*bis* of the (former) Belgian Companies Code, is no longer available under the Belgian Code of Companies and Associations. After careful deliberation, the Board came to the conclusion that a one-tier structure most adequately responds to the principal considerations of (i) preserving the *status quo* with regard to the existing allocation of powers between the Board and management and (ii) maintaining its current practices of good governance. The Board thus is the highest administrative body of the Company. It is authorized to perform all acts that are necessary or useful for the realization of the object of the Company, except for those powers that are reserved by law to the shareholders’ meeting. The Board decides on the strategy of the Company and takes all important investment and divestment decisions. The Board has delegated the operational management of the Company to the Executive Committee, which will exercise such operational management within the framework of the strategy determined by the Board. While the new governance model is slightly different from a legal perspective, there are little practical implications, as the powers delegated to the Executive Committee will mirror the powers that were previously exercised by the management committee.

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

- Provision 2.10 and 2.13 of the Corporate Governance Code provide that the Board should ensure that there is a succession planning in place for the Board members, for the CEO and for the other members of the Executive Committee, as well as periodic evaluation thereof. A succession planning is part of the action plan as adopted by the Board, pursuant to the Board review and assessment conducted in the first quarter of 2021.
- Provision 7.6 of the Corporate Governance Code provides that a non-executive board member should receive part of their remuneration in the form of shares in the Company. After due consideration, it has been decided that the remuneration of the Non-Executive Directors will continue to be paid fully in cash, because of the complex tax and social security consequences of paying part of the remuneration in shares, both for the beneficiaries and for the Company. We are, however, of the opinion that share ownership by Non-Executive Directors can have a positive impact on their commitment and engagement. Therefore, the Company has issued a recommendation to Non-Executive Directors to build, over their four-year tenure, an Ontex equity stake equivalent to one time the Non-Executive Director’s fixed fee, and to keep this equity stake during at least one year following the end of their Board mandate.
- Provision 7.9 of the Corporate Governance Code provides that the Board of Directors should set a minimum threshold of shares to be held by the executives. The CEO is requested to build a shareholding of two times the annual salary, while other members of the Executive Committee are required to hold one time their annual salary in shares. Such shareholding must be gradually built up by holding on to at least 50% of the long-term incentive instruments when they vest, until the aforementioned shareholding is reached.
- Provision 7.11 of the Corporate Governance Code provides that stock options should not vest and be exercisable within less than three years. The Company’s Articles of Association in principle allow the Company to deviate from all provisions of Article 520ter of the Belgian Companies Code and hence to grant shares, stock options and other share-based incentives vesting earlier than three years after their grant. However, the Company has not yet made use of such authorization and the LTIP, as described in further detail in the Remuneration Report, provides for a vesting period of three years for all share instruments. In practice, the Company thus complies with Provision 7.11 of the Corporate Governance Code. At the next Extraordinary shareholder’s meeting, scheduled on May 25, 2021, the Board will propose, among other proposals for amendment, to delete this provision within its Articles of Association.

7. EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after the end of the reporting date which would affect the information mentioned in these consolidated financial statements.

8. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

8.1. Introduction

The Ontex Group operates a risk management and control framework in accordance with the Belgian Companies Code and the Corporate Governance Code.

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

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

- Achievement of the Ontex Group objectives;
- Achieving operational excellence;
- Ensuring correct and timely financial reporting; and
- Compliance with all applicable laws and regulations.

8.2. Control Environment

8.2.1. Three lines of defense

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

- First line of defense: line management is the first responsible for assessing risks on a day-to-day basis and implementing controls in response of these risks.
- Second line of defense: the oversight functions like Finance and Controlling, Quality, Compliance, Tax and Legal oversee and challenge risk management as executed by the first line of defense. The second line of defense actors provide guidance and direction and develop a risk management framework.
- Third line of defense: independent assurance providers like internal audit and external audit challenge the risk management processes as executed by the first and second line of defense.

8.2.2. Policies, procedures and processes

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

8.2.3. Group-wide ERP system

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

8.3. Risk management

Sound risk management starts with identifying and assessing the risks associated with the Company’s business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and minimize such risks, acknowledging that certain calculated risks are necessary to ensure that the Ontex Group achieves its objectives and continues to create value for its stakeholders.

All employees of the Ontex Group are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

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

8.4. Control activities

Control measures are in place to minimize the effect of risk on Ontex Group’s ability to achieve its objectives. These control activities are embedded in the Ontex Group’s key processes and systems to assure that the risk responses and the Ontex Group’s overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and within all departments.

Key compliance areas are monitored for the entire Ontex Group by Local Compliance Coordinators, the Compliance Manager, the Head of Compliance, and the Compliance Steering Committee. The Compliance function supports the compliance with the Ontex Code of Ethics and the adoption of clear processes and procedures with respect to the Code The Compliance Steering Committee is composed of the CFO, the Group HR Director, the Group General Counsel and the Head of Compliance and meets regularly to discuss and decide on compliance strategy, issues and action plans. The Compliance Steering Committee reports on its activities to the Management Committee.

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

8.5. Information and communication

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

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

8.6. Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively.

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

- Internal Audit. The tasks and responsibilities assigned to Internal Audit are defined in the Internal Audit Charter, which has been approved by the Audit and Risk Committee. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it".
- External Audit. In the context of its review of the annual accounts, the statutory auditor focusses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the Audit and Risk Committee and shared with Internal Audit.
- Audit and Risk Committee. The Board and the Audit and Risk Committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the Audit and Risk Committee, see chapter 1.4. of this Corporate Governance Statement.

8.7. Risk management and internal control with regard to the process of financial reporting

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

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

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

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

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

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

The table below sets out our principal risks and examples of relevant controls and mitigating factors.

The Board considers these to be the most significant risks faced by the Group that may impact the achievement of our strategic drivers as set out on page 10. They do not comprise all risks associated with our business and are not set out in priority order.

Risk	Description Risk	Main Potential Impact
Infectious diseases of epidemic and pandemic potential	As Ontex is operating around the globe, a global epidemic or pandemic outbreak may affect our business contingency.	Global epidemic or pandemic outbreaks may have an impact on raw material availability & unavailability of employees. This could negatively impact our service level.
Competitive Environment	All Divisions face competition from branded product manufacturers and retailer brand manufacturers. We also face competition from competing manufacturers in production innovation. Rapid time-to-market is key to our competitiveness.	The fact that we would fail to deliver our value proposition and/or to adapt to the customer's needs could affect our performance, and could entail price and volume pressure, loss of market share or margin erosion.
Reputation and Stakeholder Management	As a public company, Ontex has stakeholders with various needs, and Ontex is subject to high transparency standard and periodic reporting obligations. Ontex may be subject to adverse publicity.	Such adverse publicity may adversely impact our reputation, and indirectly our business and financial condition.
Product Quality and Safety	Our reputation as a business partner relies heavily on our ability to supply quality products.	In case of quality issues, this may lead to adverse effects to consumer health, loss of market share, financial costs and loss of turnover as well as putting the Company reputation at stake.
Intellectual Property	Although we are monitoring changes in intellectual property rights, we may inadvertently infringe intellectual property rights owned by others. Secondly, the Company may fail to register intellectual property rights in a timely manner.	As a potential consequence thereof, the Company may face legal claims or have to pay royalties which erode our profit margins.
Manufacturing and Logistics	Our ability to serve our customers depends on the operation of our 18 manufacturing sites. We may experience disruptions at our production facilities or in extreme cases, our production facilities may shut down.	Such temporary shortfalls in production could affect our on-time delivery record, which could in turn adversely affect our ability to acquire new customers and retain existing customers.
Sourcing and Supply Chain	We are dependent upon the availability of raw materials for the manufacture or our products. On average the main raw materials and packaging costs account for between 75% and 80% of our cost of sales. Our raw materials are subject to price volatility due to a number of factors that are beyond our control, including but not limited to, the availability of supply, general economic conditions, commodity price fluctuations and market demand.	The price volatility of the underlying commodities can affect the cost and availability of our products. We may not always succeed in passing on these costs to the customer/consumer through pricing.
Acquisitions	From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. The success of any acquisition depends on our ability to integrate acquired businesses effectively. The integration of acquired businesses may be complex and expensive and may present a number of risks and challenges. Furthermore, there can be no assurance that we will realize any or all of the anticipated benefits of any future acquisitions, including the expected business growth opportunities, revenue benefits, cost synergies and other operational efficiencies.	In case we would not be able to realise the objectives of the acquisition, the integration may lead to additional unforeseen difficulties or liabilities, failure to deliver on financial goals and internal disruption.

Risk	Description Risk	Main Potential Impact
Information Technology, Data Security and Cyber Attack	We are increasingly reliant on IT systems and information management to run our business. There is a risk of disruption of our IT systems and that sensitive data may be compromised by malicious cyber-attack or technology failure.	A disruption of our IT systems could affect our sales, production and cash flows, ultimately impacting our results. Unauthorized access and misuse of sensitive information could interrupt our business and/or lead to loss of assets. It could also lead to negative reputational impact.
Legal and Regulatory	Ontex is subject to applicable laws and regulations in the global jurisdictions in which it operates.	Failure to comply with laws and regulations could expose us to civil and/or criminal actions, and changes to laws and regulations could have an impact on the cost of doing business.
Economical and Political Instability	Ontex operates around the globe, and as a result is subject to risks associated with operating internationally. Recent and ongoing instability in some of the countries in which we operate may adversely affect our business.	Any such conditions or instability could impact our operations and result in additional expenditure and other commercial and financial impacts incurred in order to comply or adapt to such conditions and consequently have a material adverse effect on our business.
Recruitment and Retention	A skilled workforce and agile organization are essential for the continued success of our business. Failure to identify, attract, develop and retain talents to satisfy current and future needs of the business may affect our ability to compete.	In case of failure to recruit and retain adequately, this may result in a decline in business performance.
Financial	As detailed in section 7.5 of the financial statements, the Group's activities expose it to a variety of financial risks including currency risk, interest rate risk and liquidity risk as well as counterparty default.	These risks may have a material adverse effect on our business, financial condition and results of operations.
Occupational Health and Safety	As Ontex is operating around the globe, it may fail to provide for the personal safety of employees in production and other facilities and during travel to high-risk locations.	This may lead to reputational damage and difficulties in hiring people.
Climate and Environment	Ontex risks not to be able to respond timely to the climate and environmental expectations and requirements from consumers, governments and other stakeholders. Ontex requires certain sensitive raw materials such as paper pulp and plastics to manufacture its products and Ontex produces disposable finished products.	Ontex risks losing market share if stakeholder expectations cannot be met at a competitive price. New regulations might increase the cost of doing business.

9. REMUNERATION REPORT

9.1 2020 Context, Performance Highlights and Remuneration Outcomes

During 2020, we developed a completely new remuneration policy to better align performance and pay following feedback from our wide-ranging consultations with shareholders and the re-composition of the Board and the Remuneration and Nomination Committees. The principles of new performance-based remuneration policy will apply from 2021 and can be found in the next section.

2020 was marked by volatility in demand, operating conditions and currencies related to the COVID-19 pandemic from March onwards. After a surge in demand drove our first quarter sales to record levels, especially in Europe, activity dropped sharply in the second quarter, and demand across the traditional distribution channels did not return to pre-pandemic levels. In the second half, our sales were impacted by the pandemic-related shift to online sales, where retail brands are less present. Furthermore, demand decreased in several emerging markets due to economic downturn. Our reported sales also reflect the steep and lasting depreciation of most emerging market currencies.

Revenue of €2,087 million was down 3.1% LFL for the full year 2020, and down 8.5% on a reported basis. This includes a €130 million unfavorable currency effect from the major depreciation of several key functional currencies against the Euro, notably the Mexican Peso, Brazilian Real and Turkish Lira. The decrease in LFL sales mainly reflects lower demand for personal hygiene products in tracked retail channels from the second quarter onwards as well as contract losses in Europe, partly offset by a resilient performance in Healthcare and growth in Brazil, Turkey and the US.

Adjusted EBITDA of €236 million in 2020 was down 3.9% compared with the prior year, and Adjusted EBITDA margin was up 55 bps to 11.3%. At constant currencies, Adjusted EBITDA stood at €310 million (up 26.4%): Strong procurement savings and lower raw material indices outweighed the impact of lower sales and operating leverage, inflation on costs and COVID-19 related costs for €14 million. The full year currency impact was €74 million unfavorable.

Free cash flow stood at €60 million, down €50 million compared with 2019, on lower cash generation from recurring trade activities and higher outflows related to non-recurring items. Capital expenditure net of disposals was €105 million.

Given the successive votes against our remuneration report and policy at recent AGMs and the feedback from consultations with shareholders, remuneration and remuneration policy were both singled out as priority topics by the Board, with its new Chairman, and received the full backing of the reconstituted Executive Committee and the new CEO. Following extensive dialogue with shareholders, investors and proxy advisors we plan to submit a completely revised policy to the AGM in 2021 that is fully aligned with the interests of Ontex’s shareholders and stakeholders. The main principles and features of the proposed new, more straight-forward remuneration policy 2021 are summarized below.

In 2020, a significant proportion of the total remuneration paid to the members of the Executive Committee comprised termination payments that followed the strictest interpretation of binding contractual obligations to departing members that had been entered into by the previous Board. Although the new remuneration policy only starts to apply from 2021, some of the spirit of the principles has already been adopted as exemplified by the 2020 remuneration for the CEO and other members of the Executive Committee. Remuneration was guided by the 2020 policy which included the company’s performance against certain targets and also neutralized currency impacts when assessing performance against financial KPIs. However, given the magnitude of the impact of the unfavorable currency situation on our 2020 financial results, as well as the discrepancy between the reported financial results and the actual financial results, which are used to assess levels of remuneration, the Board of Directors, following the recommendation of the Remuneration Committee, decided that the 2020 bonus for members of the Executive Committee should be reduced by 50%.

9.2 Remuneration Policy for 2021 onwards

The new remuneration policy principles, and the changes to the remuneration policy resulting from these principles are set out in the table below.

Remuneration Policy Principles	Remuneration Policy Changes
Management Incentives are based on reported financial results	Financial bonus KPIs, Adjusted EBITDA and Cash Flow will be as per reported results (without FX adjustments), while Revenue will be assessed on a like-for-like basis
No multiple rewards for the same outcomes	No overlap between KPIs for short-term and long-term incentives. Discontinuation of the T2G incentive programme
Simpler and fully performance-based long-term incentive plan	Long-term incentive plan consisting of performance shares only
Incentive plans based on a healthy mix of financial and quantifiable non-financial KPIs, including ESG	Rebalancing the weights of the financial and non-financial KPIs in both the short-term and the long-term incentive plan, and introduction of ESG KPIs in the long-term incentive plan.
Pay for sustainable results	Introduction of a bonus-claw back
Alignment with shareholders	Introduction of share ownership requirements for members of the Executive Committee
Transparency	Disclosure of performance targets ex-ante if not commercially sensitive, and otherwise ex-post
Eliminate possibility of pay for failure	Introduction of stricter severance provisions

A revised remuneration policy incorporating the above-mentioned changes will be submitted to the annual shareholders' meeting on 25 May 2021. The full revised remuneration policy will be made available to the shareholders in due course.

9.3 Remuneration policy applied in 2020

The remuneration policy set forth below is the Company's former remuneration policy as it was applied in 2020. This policy does not reflect the new remuneration policy that will be submitted to the annual shareholders' meeting on 25 May 2021. An entirely revised remuneration policy will be applicable from 2021 onwards.

The remuneration policy describes the principles and policies determining the composition and level of remuneration for Non-Executive Directors and members of the Executive Committee of Ontex as applied in 2020.

The principles and policies governing the 2020 remuneration for Non-Executive Directors and for members of the Executive Committee address the following topics:

- The way in which the Remuneration Policy contributes to the strategy, the long-term ambitions, performance and sustainability of Ontex
- A description of the different remuneration components and their respective weights in the total remuneration package.

  For the variable components of remuneration, the policy defines the performance criteria that are used to determine the variable compensation. It also sets out the minimum performance threshold required for any variable compensation to pay out, as well as the performance level at which the maximum bonus pay out is reached.

  For equity-based components, the policy addresses the nature of the equity compensation, the vesting criteria and the performance criteria linked to the grant or the vesting of equity instruments. It also covers how these performance criteria contribute to the strategy and the long-term ambitions and sustainability of Ontex.
- Whether the measurement of performance, base pay evolution, short-term variable pay and long-term variable pay for members of the Executive Committee is the same as for other managers in the Company
- The principle terms of appointment of Non-Executive Directors and members of the Executive Committee and the applicable end-of-contract provisions.

9.3.1. Remuneration Policy applied in 2020 for Non-Executive Directors

As per the Corporate Governance Charter, the Board exercises the powers expressly reserved to the Board by law or the Company's articles of association, addresses matters pertaining to the general policy of the Company, and acts in a supervisory capacity with regard to the Executive Committee.

It is believed that, in order to fulfil these tasks, Ontex must be able to attract a rich spectrum of Board member profiles that mirror the Company's diverse customer and consumer bases and its geographical footprint. Furthermore, the composition of the Board needs to embody a thorough knowledge of the business dynamics and markets in the personal hygiene sector.

With this ambition in mind, the Non-Executive Directors at Ontex are rewarded through a combination of a fixed annual fee and attendance fees. The total annual remuneration paid to Non-Executive Directors is aligned with remuneration levels for similar positions reported by BEL20 companies.

The Chairpersons of the Board and the Board Committees receive a higher fixed fee than the other members of the Board, given the broader time commitment required of these roles. The fixed fees are *pro-rata* based so that a Board and/or Board Committee membership which starts or ends during a calendar year is only compensated for the time dedicated to such membership.

In addition to fixed remuneration, Board members also receive a fee for every Board and Board Committee meeting they attend.

The fixed remuneration and attendance fees for Non-Executive Directors are shown in the table below.

Role	Fixed Fee	Attendance Fee
Non-Executive Director	60,000 EUR	2,500 EUR
Board Chairperson	+ 60,000 EUR	+ 2,500 EUR
Committee Chairperson	+ 10,000 EUR	+ 2,500 EUR
Committee Member		+ 2,500 EUR

Provision 7.6 of the 2020 Belgian Corporate Governance Code recommends that non-executive Board members receive part of their remuneration in the form of shares. After due consideration, it has been decided that the remuneration of the Non-Executive Directors will continue to be paid fully in cash, because of the complex tax and social security consequences of paying part of the remuneration in shares, both for the beneficiaries and for the Company. We are, however, of the opinion that share ownership by Non-Executive Directors can have a positive impact on their commitment and engagement. Therefore, the Company has issued a recommendation to Non-Executive Directors to build, over their four-year tenure, an Ontex equity stake equivalent to one time the Non-Executive Director’s fixed fee, and to keep this equity stake for the duration of at least one year following the end of their Board mandate.

9.3.2. Remuneration Policy applied in 2020 for Members of the Executive Committee

General reward principles and alignment with the Company’s strategy

Ontex aspires to be the preferred company for its consumers, customers, employees and investors, as well as a socially responsible company.

In order to attract, motivate and retain people who are committed to helping Ontex realize its commitments towards its consumers, customers, employees and investors, we have built our remuneration policy on the following pillars:

- We reward the successful implementation of strategy. This is done by linking a significant part of remuneration to the achievement of financial goals which reflect our commitment to our consumers, customers and investors.
- We reward performance by making a significant portion of remuneration dependent on both individual contribution and collective (Group and divisional) achievements.
- We foster a bias towards long-term shareholder value creation through granting share-based remuneration to employees who have an important influence on the Company’s success.
- Our pay practices are aligned with local market practices for the talent pools we are recruiting from.

Decision-making process

The remuneration policy for members of the Executive Committee is approved by the shareholders’ meeting upon proposal by the Board, after a recommendation by the Remuneration and Nomination Committee. Within the confines of the remuneration policy as approved by the shareholders’ meeting, the Board:

- Evaluates and reviews the appropriate market positioning of the rewards offered to the members of the Executive Committee compared with the relevant benchmarks;
- Determines the individual compensation levels of the members of the Executive Committee, taking into consideration their role and contribution to the business;
- Evaluates and determines the appropriate pay mix; and
- Sets and reviews the financial targets for the performance-based remuneration components.

The Board evaluates the effectiveness of the remuneration policy for members of the Executive Committee. When needed, the Board calls upon reputable external compensation consultants to assist with this task.

Competitive Positioning

To attract, motivate and retain talented executives with the necessary knowledge, skills and values to deliver Ontex's growth ambitions, our levels of remuneration and the various instruments at our disposal need to be aligned with those of companies that are recruiting from the same talent pool. For such reason, Ontex periodically benchmarks its total compensation against a peer group of companies with the following characteristics:

- Active in FMCG;
- Headquartered in Europe;
- Present internationally; and
- Mix of publicly listed and privately held companies.

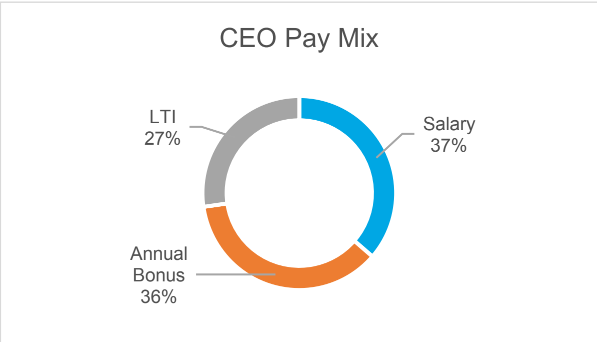
In terms of cash and equity-based compensation elements, the targeted competitive positioning is the median pay level in the peer group. Where there is a significant difference in scope and size between Ontex and the peer group companies, appropriate adjustments are made. For pensions and fringe benefits, the target is the median of local general industry practices. The Company aims for individual compensation levels to be within a competitive range around this benchmark, taking into consideration an individual's tenure, experience and contribution to the business.

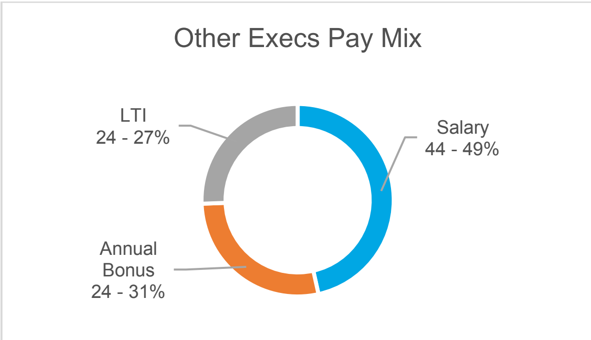
Compensation components and mix

Members of the Executive Committee are compensated in accordance with their responsibilities as well as individual and Company performance, both short and long-term. The total compensation of members of the Executive Committee consists of:

- A fixed compensation component: base salary; and
- Variable compensation components: annual bonus and a long-term incentive plan.

The charts below show the weight of these elements in the total target compensation for the CEO and for other members of the Executive Committee.



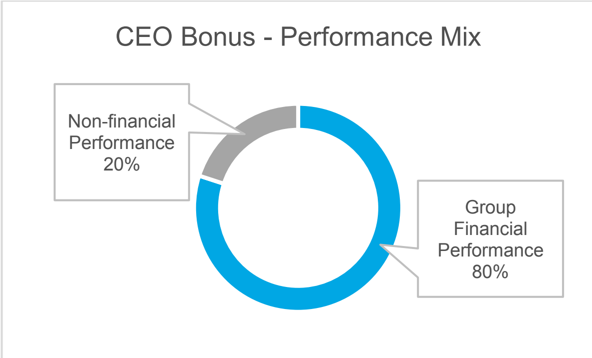


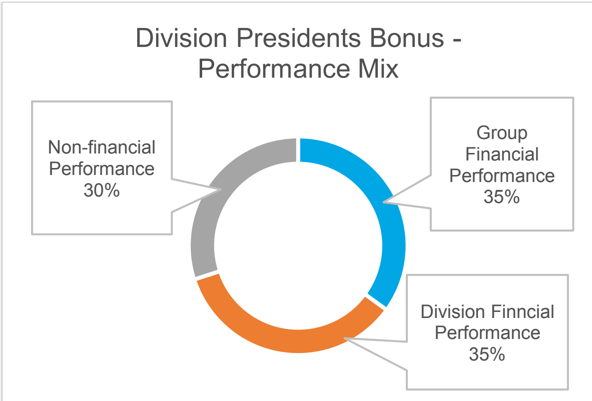
Fixed Compensation Component – Base Salary

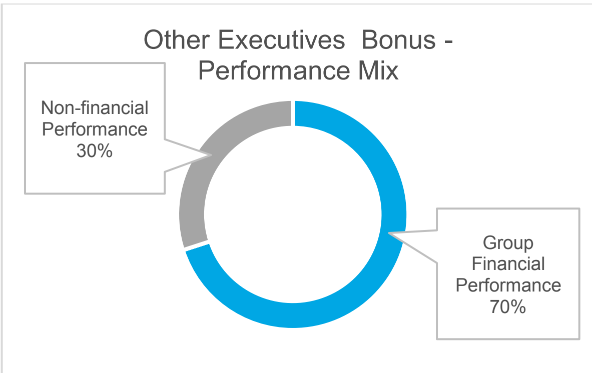
The target base salary for members of the Executive Committee is within a competitive range of the median base salary for comparable positions in the peer group mentioned above. The actual salary reflects the individual's tenure, experience and contribution to the business. Base salary levels are reviewed annually, and their development depends on the individual's performance and salary in relation to said benchmark. Where there is a considerable gap between the actual base pay and the benchmark, the Board may consider a multi-year catch-up programme to bring the base pay level up to a competitive range of the benchmark.

Variable Compensation Component – Annual Bonus

The annual bonus programme is designed to reward members of the Executive Committee for individual and collective performance over a one-year horizon. The table below sets out the weight of the financial and non-financial performance indicators in the bonus calculation for the different executive positions.



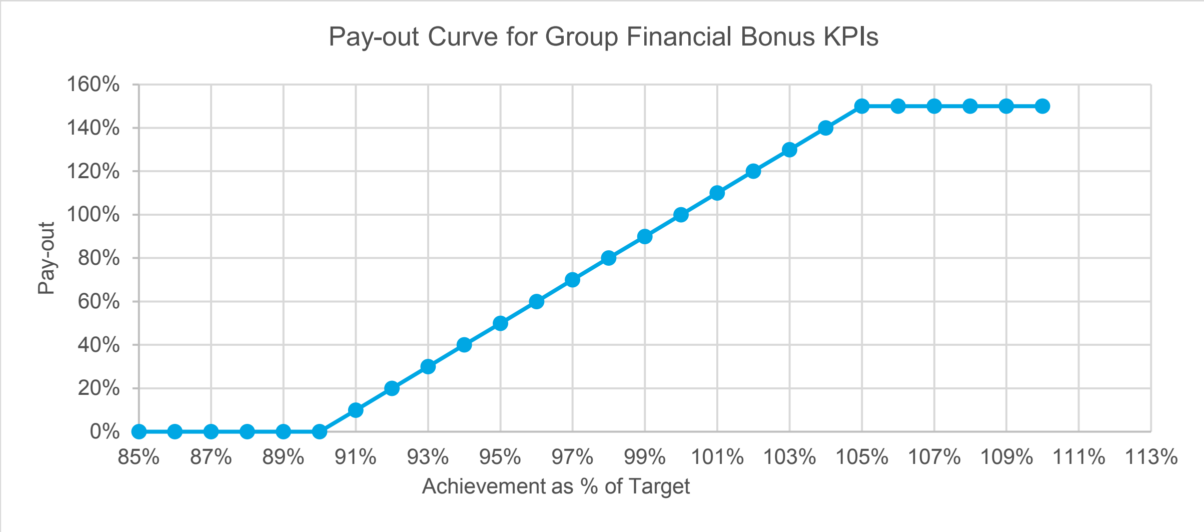




The metrics used for the assessment of the ***Group Financial Performance*** reflect Ontex's ambition to focus on business growth, profitability and the generation of sufficient cash to allow us to continuously fuel R&D, innovation, organic expansion and strategic acquisitions. The group financial performance KPIs and their respective weights are shown in the table below.

KPI - Group	KPI Definition	KPI Weight
Revenue	Actual Group revenue, adjusted for exchange rate fluctuations vs budgeted Group revenue	25%
EBITDA	Actual Group EBITDA, adjusted for exchange rate fluctuations vs budgeted Group EBITDA	50%
OFCF	Actual Group Operating Free Cash Flow, adjusted for exchange rate fluctuations vs budgeted Group OFCF	25%

The targets for each of the Group financial performance KPIs are set annually by the Board. As these targets are commercially sensitive, they are not being disclosed ex ante. However, both targets and actual achievements are published ex post. The weighted Group financial performance score (based on the table above) is subsequently translated into a pay-out curve which has a threshold and a cap. The threshold is set at the minimum acceptable level of performance to trigger the Group financial performance part of the bonus. For each of the above-mentioned KPIs at least 91% of the objective needs to be achieved for any bonus to be paid. At 91% performance, bonus pay-out is only 10%. 95% achievement yields a bonus pay-out of 50%. The cap reflects a considerable over-achievement of the targets. This achievement level is set at 105% of target, resulting in a bonus pay-out of 150%. The pay-out curve for the Group financial performance is shown below.



The KPIs, KPI definition and respective weights for the ***Division Financial Performance*** are shown in the table below. The targets for each of the Division financial performance KPIs are set annually by the Board. The performance threshold, cap and pay-out curve for the Division financial performance are the same as for the Group financial performance.

KPI - Division	KPI Definition	KPI Weight
Revenue	Actual Division revenue, adjusted for exchange rate fluctuations vs budgeted Division revenue	25%
EBIT	Actual Division EBIT, adjusted for exchange rate fluctuations vs budgeted Division EBIT	50%
DSO	Actual days of sales outstanding vs targeted days of sales outstanding	25%

The ***Non-Financial Performance*** of each executive is assessed against a set of quantitative and qualitative objectives, including sustainability targets, employee engagement, succession, quality of leadership and others.

The Non-Financial Performance criteria for the CEO are set and assessed annually by the Board. The non-financial performance criteria for the other members of the Executive Committee are set and assessed annually by the Board upon recommendation of the CEO. The degree to which the non-financial objectives have been achieved and the corresponding pay-out levels are shown in the table below.

Non-financial performance assessment	Pay-out factor
Consistently exceeded	150%
Frequently exceeded	115% - 140%
Met	90% - 115%
Partially met	50% - 90%
Not met	0%

The target bonus for the CEO is set at 100% of base salary. For other members of the Executive Committee, the target bonus ranges from 50% to 70% of base salary.

The KPIs, KPI weights and pay-out curves that are used to calculate the annual bonus for the members of the Executive Committee also apply to the bonus calculation of other management positions within the organization. However, the balance between the financial and the non-financial performance indicators may be different.

In line with the dominant practice in Belgium, the annual bonus is not subject to any deferrals or claw-back provisions as it is unclear whether such clauses would be enforceable. Moreover, some of the customary triggers included in claw-back provisions, such as fraud or gross misconduct can be addressed in other ways such as dismissal (for cause), recovery, exclusion from D&O insurance coverage and others.

Variable Compensation Component – Long-term Incentive

With a view to fostering long-term sustained performance, and aligning the interests of senior management with those of the shareholders, a significant proportion of the variable compensation of the members of the Executive Committee is linked to tenure and financial goals measured over a three-year period, and is delivered in the form of equity instruments. The Long-term incentive structure has been fully overhauled in the 2021 Remuneration Policy to simplify it and make it fully performance dependent.

The long-term incentive plan was approved by the shareholders in May 2018 for a five-year period, starting in 2019. Long-term incentives are delivered in the form of restricted stock units, stock options and performance shares, all vesting over a three-year period.

The long-term incentive target for the members of the Executive Committee is expressed as a percentage of base salary. The target incentive for the CEO represents 75% of base salary. For the other members, the target incentive amounts to 55% of base salary. These target incentive levels are aligned with the benchmark as described in the section on competitive positioning above.

The weights, vesting term and vesting conditions of the 3 LTIP instruments are specified in the table below.

LTIP Instrument	Weight in total grant	Vesting Term	Vesting Conditions
Performance shares	33,33%	3 years	Performance vesting (threshold – target – cap)
Stock Options	33,33%	3 years	Performance vesting (share price performance) + upfront tax investment (*)
Restricted Stock Units	33,33%	3 years	Time vesting

Executives leaving the company before the vesting date other than for cause are entitled to a pro-rata vesting, at the plan's vesting date and subject to performance criteria being met where applicable.

Restricted stock units are part of the LTIP despite the absence of performance vesting. As such, they are a counter-weight for the financial risk and upfront cash investment associated with the grant of stock options to Belgium-based members of the Executive Committee.

(*)Taxes on stock options granted to Belgium based members of the Executive Committee are payable up-front, at the time of grant, with no refund in case the options remain out of the money.

Stock Options

A stock option gives the beneficiary the right to purchase from the Company one share in the Company per vested stock option, during a predetermined timeframe, by paying a predetermined exercise price.

Stock options at Ontex vest three years after the grant and are valid eight years from the date of grant. They lapse automatically if they have not been exercised by the ninth anniversary of the grant date. The exercise price is the share price on the date of the grant. Stock options will only deliver value if, between the vesting date and the expiry of the options, the share price exceeds the value of the share at grant. This focuses the efforts of members of the Executive Committee on increasing the value of the Ontex share over the vesting period.

The number of stock options awarded to members of the Executive Committee is determined by dividing one third of the total long-term incentive grant value by the value of one stock option. The value of a stock option is calculated using the Black and Scholes valuation methodology based on the share price on the grant date.

Members of the Executive Committee who are subject to income taxes in Belgium need to pay the income tax on the value of the stock options at the time of the grant. These taxes may not be claimed back if the options cannot be exercised, and therefore represent a substantial financial risk.

In accordance with Provision 7.11 of the 2020 Corporate Governance Code, Ontex does not facilitate the entering into derivative contracts related to stock options, nor the hedging of the risks associated with these instruments.

Restricted Stock Units (RSUs)

A restricted stock unit entitles the beneficiary to receive from the Company for no consideration one share in the Company per vested restricted stock unit.

The number of restricted stock units awarded to members of the Executive Committee is determined by dividing one third of the total long-term incentive grant value by the value of the Ontex share on the grant date.

Restricted stock units at Ontex vest three years after the grant, provided the member of the Executive Committee is still working for Ontex at that time.

Performance Shares

A performance share provides the beneficiary with the right to receive from the Company one share in the Company per vested performance share, where the vesting is subject to a three-year period as well as the achievement of performance conditions measured over the three-year period.

Performance shares at Ontex are subject to performance criteria and targets set by the Board at the time of grant. The performance criteria are chosen to foster long-term value creation and alignment with shareholder interests. As the performance targets for the performance shares are commercially sensitive, the performance targets are not disclosed upfront. However, the performance targets and actual achievements will be disclosed at the end of the three-year performance period.

The number of performance shares awarded to members of the Executive Committee is determined by dividing one third of the total long-term incentive grant value by the value of the Ontex share on the grant date.

The number of performance shares that vest is adjusted according to the achievement of the performance goals over the three-year performance period. If the actual performance is below a specified threshold, no shares are awarded. The vesting is also subject to a 200% cap, at a performance level which exceeds the original targets in a significant way. The performance threshold and cap are set by the Board at the time of grant.

Provision 7.9 of the 2020 Corporate Governance Code determines that the Board should set a minimum threshold of shares to be held by the executives. However, members of the Executive Committee are not required to hold a minimum value in Company stock. It is the Company's belief that, through successive annual grants, at any given time they will have a sufficiently important equity stake in the Company (even though not vested) to focus their efforts and attention on the creation of long-term shareholder value.

The long-term incentive instruments, vesting periods, performance conditions and other plan features applicable to the members of the Executive Committee are the same as those that apply to other Ontex staff who qualify for long-term incentive participation.

Variable Compensation – Specific and temporary incentive related to the Transform to Grow Transformation programme

In 2019, Ontex launched a comprehensive transformation programme called 'Transform to Grow' ("T2G") to accelerate value creation by step-changing its operational and commercial excellence. The programme was targeted at generating an incremental recurring EBITDA as well as a margin improvement between 125 and 175 basis points at the end of 2021 versus 2018.

A specific and temporary incentive plan related to T2G was adopted in 2019.

In the meantime, the Board has undertaken a review of the T2G programme and incentive plan and has decided to discontinue the plan as from 2021. The last payments under the T2G incentive plan are included in this remuneration report for 2020.

Other remuneration elements

Members of the Executive Committee participate in the benefits plans applicable to this category of staff in the country of their contract. These usually include a company contribution to a pension plan, life insurance, disability insurance and health benefits. Members of the Executive Committee may also be entitled to certain executive benefits such as company cars and other benefits in kind. The value of these elements is disclosed in the annual Remuneration Report.

Terms of Contract and Termination Provisions

The rights and obligations related to the office of 'Member of the Executive Committee' at Ontex are formalized in a contract of indefinite duration. These contracts include the principle terms of office as well as clauses covering the protection of intellectual property of the Company, confidentiality (both during and after employment) regarding information to which members of the Executive Committee have access, as well as termination and non-compete provisions. Under the binding termination provision, the contractual notice for the CEO is 12-months' salary plus the bonus of the previous year. The non-compete provision is 12-months' salary of the CEO and its implementation depends on a decision by the Board of Directors. The termination and non-compete provisions for the current members of the Executive Committee and those that were in office during 2020 are shown in the table below.

Function & Name	Contractual Notice	Contractual Non-Compete and/or Additional Termination Indemnity
Former CEO – C. Bouaziz **Interim CEO – Artipa BV, represented by T. Navarre**	12 months	12 months fixed fee
EVP R&D, Quality, Sustainability – A. De Poorter	3 months	15 months fixed fee
All other Executive Committee members	3 months	12 months fixed fee

These Terms of Contract and Termination provisions have been completely modified to become in line with current best practices in the 2021 Remuneration Policy.

9.4 2020 Remuneration of the Directors

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

As explained in more detail in the Corporate Governance Statement, the composition of the Board underwent significant changes during 2020. On 23 March 2020, Revalue BV, with Luc Missorten as its permanent representative, resigned as director of the Company. On the same date, the Board co-opted Lubis BV, with Luc Missorten as its permanent representative, as Independent Director of the Company and appointed Lubis BV, with Luc Missorten as its permanent representative, as Chair of the Board.

Lubis BV, with Luc Missorten as its permanent representative, served as Ontex's chair until the 2020 annual shareholders' meeting at which point Lubis BV resigned. At the 2020 annual shareholders' meeting, Viability BV, with Hans Van Bylen as its permanent representative was appointed as Independent Director of Ontex. Subsequently, he was appointed by the Board of Directors as Chair.

Furthermore, following the resignation of Tegacon Suisse GmbH, with Gunnar Johansson as its permanent representative, Frederic Larmuseau joined the Board as Independent Director in October 2020.

Lastly, Esther Berrozpe resigned on 21 December 2020 in light of her appointment as CEO of the Company.

The amounts paid to Directors in 2020 are shown in the table below.

Name	Mandate	Fixed fee (EUR)	# Board meetings attended	Board attendance fee (EUR)	# N&R Committee meetings attended	N&R Committee attendance fee (EUR)	# A&R Committee meetings attended	A&R Committee attendance fee (EUR)	# Strategy Committee meetings attended	Strategy Committee attendance fee (EUR)	Total fee for 2020 (EUR)
Revalue BV, represented by Luc Missorten (until 23/03/2020)	Chairman of the Board, Independent Director	120,000	3/3	5.000	3/3	2,500	1/1	2,500			55,000
Lubis BV, represented by Luc Missorten (23/03/2020 until 25/05/2020)	Chairman of the Board of Directors, Independent Director	120,000	5/5	5.000	1/1	2,500	1/1	2.500			37.742
ViaBylity BV, represented by Hans Van Bylen (as from 25/05/2020)	Chairman of the Board of Directors, Independent Director Chairman of the Strategy Committee	120,000	21/21	5.000	7/7	2,500	5/5	2.500	12/12	4,000	243.833
Inge Boets BV, represented by Inge Boets	Chairwoman of the Audit and Risk Committee, Independent Director	70,000	29/29	2.500			8/8	4,000			153.000
Tegacon Suisse GmbH, represented by Gunnar Johansson (until 9/10/2020)	Chairman of the Remuneration and Nomination Committee, Independent Director	70,000	19/19	2.500	6/6	4,000					119.833,33
Desarrollo Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero	Non-Executive Director	60,000	29/29	2.500							115.000
Regina SARL, represented by Regi Aalstad	Independent Director	60,000	29/29	2.500	11/11	2,500			12/12	2,500	172.500
Michael Bredael	Non-Executive Director	60,000	29/29	2.500	6/6	2,500	8/8	2,500	12/12	2,500	177.500
Ester Berrozpe (until 22/12/2020)	Independent Director	60,000	27/28	2.500	5/5	4,000					132.500
Aldo Cardoso	Non-Executive Director	60,000	29/29	2.500	5/5	2,500					127.500
Frédéric Larmuseau (as from 9/10/2020)	Independent Non-Executive Director	60,000	10/10	2.500					11/12	2,500	57.500

9.5 2020 Remuneration of the Members of the Executive Committee

9.5.1. Introduction

As explained in more detail in the Corporate Governance Statement, the composition of the Executive Committee underwent significant changes during 2020. The former CEO, Charles Bouaziz, left the Company on 30 July 2020. His remuneration has been included in this remuneration report up to that date, including the severance payments that were contractually agreed to by the Company by a previous Board. As from 31 July 2020 until the end of the year, Thierry Navarre, formerly the Chief Technology Officer (CTO) acted as interim-CEO. His remuneration for the period 31 July 2020 through 31 December 2020 is reported as CEO remuneration. His remuneration for the period up to 30 July 2020 is included in this remuneration reported for the other members of the Executive Committee. After 30 July 2020, the CTO position was left vacant.

Furthermore, the former President of the Europe Division and the Chief Procurement Officer left the Company on 2 November 2020. Their compensation, including severance payments, have been included in this remuneration report up to that date. The position of President of the Europe Division has been filled by an interim-President, whose compensation has been included in the report for the period November through December 2020. The position of Chief Procurement Officer has been left vacant.

9.5.2. Total Remuneration Summary

The 2020 total remuneration paid to the CEO and the other members of the Executive Committee is summarized in the table below.

		Fixed remuneration		Variable remuneration				
Members of the Executive Commitee		Base salary	Other benefits	One-year variable	Multi-year variable	Extra-ordinary items	Pension expense	Total remuneration
Bouaziz, Charles	Chief Executive Officer (01/01/2020 - 30/07/2020)	€645 125	€52 288	€0	€158 319	€3 098 663	€0	€3 954 396
Navarre, Thierry	Chief Executive Officer ad interim (31/07/2020 - 31/12/2020)	€475 676	€0	€139 376	€0	€2 210 243	€0	€2 825 294
Other Members of the Executive Committee		€3 839 162	€365 010	€1 278 842	€321 876	€1 411 537	€611 095	€7 827 523

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

	CEO	Other members of the Exec. Committee
Fixed remuneration as % of total remuneration	17%	62%
Variable remuneration as % of total remuneration	4%	20%
Extraordinary remunertion as % of total remuneration	78%	18%

Fixed Remuneration

A. Base Salary

The CEO's salary increased by 7.25% to bring the salary in line with the external benchmark. The base salary movements for the other members of the Executive Committee were in line with the salary evolution for the broader workforce, with 2 **members of the Executive Committee** receiving a higher increase to bring their base salary closer to the market benchmark.

B. Other Benefits

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

Variable Remuneration

A. One-year Variable

The 2020 bonus for the CEO and the other members of the Executive Committee has been determined on the basis of a set of financial and non-financial KPIs. Due to the discrepancy between the financial KPIs for the bonus calculation (results adjusted for currency fluctuations) and the financial performance of the Group as reported in our financial communications, the 2020 bonus amounts for the CEO and for the other members of the Executive Committee have been reduced by 50%.

CEO bonus

The former CEO, Charles Bouaziz, did not receive a performance bonus for 2020 because he left before the end of the year.

The target bonus for the interim-CEO, for the period 31 July 2020 through 31 December 2020 amounted to 70% of the annual base pay, calculated on a pro-rata basis for the duration of his tenure as interim-CEO.

The 2020 bonus paid to the interim-CEO has been determined on the basis of the following KPIs:

- Revenue (weight 17.5%): 2020 Revenue of the Ontex Group, at plan currencies
- Adjusted EBITDA (weight 35%): 2020 EBITDA of the Ontex Group, at plan currencies
- Free Cash Flow (weight 17.5%): 2020 Free cash flow of the Ontex Group, at plan currencies.
- Non-financial KPIs (weight 30%)

The targets, achievements and pay-out factors for the 2020 interim-CEO bonus KPIs are shown in the table below.

Interim-CEO Bonus 2020 KPIs & Achievements (MEUR)	Target	Actuals	Achievement Level	Pay-out Factor	Weight	Weighted Pay-out Factor
Revenue	2 300,5	2 181,0	95%	50,0%	17,5%	8,8%
Adjusted EBITDA	280,0	285,2	102%	120,0%	35,0%	42,0%
Free Cash Flow	60,3	112,4	186%	150,0%	17,5%	26,3%
Non-Financial KPIs	Various		100%	100%	30%	30%
Total Pay-out						107,0%

The 2020 bonus paid to the Interim-CEO amounted to EUR 139.376, and has been calculated as per the table below:

Annual Base	Target Bonus	Pay-out Factor	Pro-rata Factor	Bonus per policy	Reduction	Actual Bonus
893 196	625 237	107%	42%	278 752	50%	139 376

Bonus for the other members of the Executive Committee

The 2020 bonus for the members of the Executive Committee who have a Group responsibility (CFO, CTO, EVP Operations, EVP Research & Development, Quality, Product and Sustainability, EVP HR) has been determined on the basis of the same set of KPIs as for the Interim-CEO. The 2020 non-financial KPIs for these members of the Executive Committee were function specific.

The 2020 bonus for the members of the Executive Committee with a Divisional responsibility (President Europe, President Healthcare, President AMEAA) has been determined on the basis of Group Financial KPIs, Division Financial KPIs and non-financial KPIs. The respective weights of these KPIs is shown below.

KPI - Division	KPI Definition	KPI Weight
Revenue	Actual Division revenue, adjusted for exchange rate fluctuations vs budgeted Division revenue	25%
EBIT	Actual Division EBIT, adjusted for exchange rate fluctuations vs budgeted Division EBIT	50%
DSO	Actual days of sales outstanding vs targeted days of sales outstanding	25%

The achievements against the 2020 Division Financial KPIs and corresponding pay-out factors are shown in the table below.

2020 Divisional Financial Bonus KPIs Achievements and pay-outs	Division Europe		Division AMEAA		Division Healthcare	
	Achievement	Pay-out	Achievement	Pay-out	Achievement	Pay-out
Revenue (at plan currencies)	94%	40%	91%	10%	106%	150%
EBIT (at plan currencies)	101%	110%	88%	0%	122%	150%
DSO	102%	120%	176%	150%	97%	70%
Weighted Aggregate Pay-out Factor	95%		40%		130%	

The 2020 non-financial KPIs for members of the Executive Committee with a Divisional responsibility were function-specific.

The 2020 total aggregate bonus amount paid to the other members of the Executive Committee amounts to 1.278.842 EUR

The 2020 short-term incentive is not subject to any claw-back provision, as the 2020 remuneration policy does not provide for it. However, it has been decided that a bonus claw-back provision will apply as from 2021 onwards through the inclusion of such provision in the contracts of the CEO and the other members of the Executive Committee.

B. Multi-year Variable

Long-term Incentive vesting in 2020

The table below shows the restricted stock units and the stock options which ware granted in 2017 and which vested in 2020. The value of the restricted stock units is calculated on the basis of the closing share price of the Ontex share on the trading day preceding the vesting. The value of the stock options is calculated on the basis of the closing share price of the Ontex share on the trading day preceding the vesting and the strike price, if positive. As indicated in the table below, all the vested options remain under their strike price.

				Restricted Stock Units		Stock Options	
Name & Function	Grant Date	Vesting Date	Share Price at vest	Number vested	Value at vest	Number vested	Value at vest
Bouaziz, Charles CEO (through 30/7/2020)	11-May-17	12-May-20	15,27	10 368	158 319	45 052	-
Agostini, Philippe EVP Procurement (through 2/11/2020)	11-May-17	12-May-20	15,27	3 098	47 306	13 463	-
Amselem, Armando President AMEAA	11-May-17	12-May-20	15,27	3 425	52 300	14 882	-
Bonnard, Laurent President Europe (through 2/11/2020)	11-May-17	12-May-20	15,27	2 443	37 305	10 616	-
De Lathauwer, Astrid EVP HR	11-May-17	12-May-20	15,27	2 430	37 106	10 559	-
De Poorter, Annick EVP R&D, Quality, Sustainability	11-May-17	12-May-20	15,27	2 144	32 739	9 316	-
Lambrecht, Xavier President Healthcare	11-May-17	12-May-20	15,27	2 711	41 397	11 779	-
Navarre, Thierry CTO/Interim-CEO	11-May-17	12-May-20	15,27	4 828	73 724	20 979	-

Extra-Ordinary Items

The former CEO, Charles Bouaziz, left the Company on 30 July 2020. Upon his departure, in accordance with his contractual entitlements, Mr. Bouaziz received a termination indemnity and the Board of Directors decided that it was in the Company's interest to implement the non-compete indemnity, for a total amount of 3.098.663 EUR. These exit conditions had been agreed with Mr. Bouaziz at the start of his CEO mandate, in 2014.

The interim CEO, Thierry Navarre, left the Company on 31 March 2021. Upon his departure, in accordance with his contractual entitlements, Mr. Navarre received a termination indemnity and the Board of Directors decided that it was in the Company's interest to implement the non-compete indemnity, for a total amount of 2.210.243 EUR. As his termination was agreed prior to year-end and the indemnity is provisioned in the 2020 accounts, it is reported as extra-ordinary remuneration for 2020.

The extra-ordinary items for the other members of the Executive Committee include an amount of 139,298 EUR representing a last payment of the T2G Incentive, which is discontinued as from 2021. It also includes contractual termination payments and non-compete indemnities paid to departing members of the Executive Committee: 365,000 EUR to T. Viale, 414,715 EUR to P. Agostini and 492,488 EUR to L. Bonnard. These amounts include a 3-month contractual notice indemnity (L. Bonnard and P. Agostini) as well as a non-compete indemnity of 1 year's salary for a 24 months non-compete period (all 3 departing members of the Executive Committee).

Pension Expenses

The pension expenses include the 2020 contributions paid by the Company to a defined contribution pension plan for a total amount of 611.095 EUR.

9.5.3. Share-based Remuneration

2020 LTIP grant

The CEO and members of the Executive Committee also received an LTIP grant in 2020. This 2020 LTIP grant, which took place on 28 May 2020, consisted of Restricted Stock Units, Stock Options and Performance Shares, each representing one third of the LTIP grant value. In relation to those members of the Executive Committee, including the ex-CEO and the interim CEO, who left the Company, the 2020 LTIP grant will only vest in a pro-rata basis at the end of the vesting period and according to the actual performance criteria where appropriate. The actual performance criteria targets as well as the performance results will be published ex post in the year following the vesting.

Performance Shares

The KPIs for the 2020 performance shares, which are subject to a 3-year vesting, are shown in the table below.

KPI	Weight
Basic Adjusted EPS	50%
Relative TSR	30%
CO2 emission	10%
Accident Frequency	10%

Relative TSR will be measured against the STOXX Europe 600 Personal and Household Goods Index. The vesting schedule for this KPI is shown below

Performance	Vesting
80% of index return (threshold)	50%
100% of index return	100%
140% of index return (cap)	200%

The Company has set the ambition to become CO2 neutral for scope 1 and scope 2 emissions by 2030. The CO2 emission reduction target for the 2020 performance shares reflects the reduction needed over the 2020-2022 vesting period to achieve that ambition. The measurement for this KPI is tons CO2 per 100 million produced pieces.

The Company has also set a zero labor accident ambition by 2030. The accident reduction target for the 2020 performance share reflects the reduction of accidents needed over the 2020-2022 vesting period to achieve that ambition. The measurement for this KPI is the number of labor accidents times 1 million divided by the total hours worked.

The targets and vesting scheme for the CO2 emission and accident KPIs are shown below

KPI	Base line	Threshold (vesting starts)	Target (100% vesting)	Cap (200% vesting)
CO2 Emissions	266	221	201	181
Labor Accident Frequency	5,86	5,26	4,26	3,26

As the Adjusted Basic EPS target for the 2020 performance shares is commercially sensitive, the target and achievement against this target will be disclosed ex post.

Stock Options

The 2020 stock options which were granted on 28 May 2020 have a strike price of 13,90 EUR, representing the closing price of the day preceding the grant date.

Overview of the 2020 LTIP Grant

The tables below provide the details of the 2020 LTIP grant for the CEO and the members of the Executive Committee.

Shares awarded during the reported financial year

Management Committee Member	Position	Number of RSUs awarded and accepted	Number of PSUs awarded and accepted	Award date	Vesting date	Share value at the time of the grant
Agostini, Philippe	Executive VP Procurement	5 470	5 470	28/05/2020	29/05/2023	€13,90
Amselem, Armando	President AMEAA division	7 254	7 254	28/05/2020	29/05/2023	€13,90
Bonnard, Laurent	Executive VP Sales & Marketing	5 197	5 197	28/05/2020	29/05/2023	€13,90
Bouaziz, Charles	Chief Executive Officer	19 891	19 891	28/05/2020	29/05/2023	€13,90
De Lathauwer, Astrid	Executive VP Human Resources	5 052	5 052	28/05/2020	29/05/2023	€13,90
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	5 566	5 566	28/05/2020	29/05/2023	€13,90
Desmartis, Charles	Chief Finance Officer	9 440	9 440	28/05/2020	29/05/2023	€13,90
Lambrecht, Xavier	President Healthcare Division	4 593	4 593	28/05/2020	29/05/2023	€13,90
Loebel, Axel	Executive VP Operations	4 253	4 253	28/05/2020	29/05/2023	€13,90
Navarre, Thierry	Chief Transformation Officer	9 440	9 440	28/05/2020	29/05/2023	€13,90

Share options awarded during the reported financial year

		Share options awarded during the year					
Management Committee Member	Position	Number of options awarded	Number of options accepted	Award date	Vesting date	Exercise period	Strike price of the share
Agostini, Philippe	Executive VP Procurement	24 293	24 293	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Amselem, Armando	President AMEAA division	32 215	32 215	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Bonnard, Laurent	President Europe Division	23 077	23 077	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Bouaziz, Charles	Chief Executive Officer	88 333	88 333	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
De Lathauwer, Astrid	Executive VP Human Resources	22 436	22 436	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	24 717	24 717	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Desmartis, Charles	Chief Finance Officer	41 924	-	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Lambrecht, Xavier	President Healthcare Division	20 398	-	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Loebel, Axel	Executive VP Operations	18 886	18 886	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90
Navarre, Thierry	Chief Transformation Officer	41 924	-	28/05/2020	29/05/2023	start 29/05/2023 - end 28/05/2028	€13,90

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

The tables below set out the opening and closing balances, as well as movements during the year, in share-based remuneration for the CEO and the other members of the Executive Committee. As detailed in the tables below, those departing members of the Executive Committee saw their overall stock option and RSU grants that had not yet vested significantly reduced. For example, the ex-CEO, Charles Bouaziz, forfeited more than 119,000 stock options, 353,000€ worth of RSU and approximately 300,000€ worth of performance shares.

In deviation of Provision 7.9 of the 2020 Corporate Governance Code, for 2020, there was no requirement for members of the Executive Committee to maintain a minimum threshold of shares. However, from 2021 onwards, members of the Executive Committee will be required to keep 50% of LTIP shares vesting until they have acquired a shareholding representing 2 times (CEO) or 1 time (other members of the Executive Committee) their annual base salary. Furthermore, members of the Executive Committee will be required to maintain such shareholding throughout their executive tenure.

		Main Conditions of the Stock Option Plan				Information for the reported financial year											
						Opening Balance		During the Year								Closing Balance	
Beneficiary	Plan Type	Grant Date	Vesting Date	Exercise period	Strike Price	Vested	Unvested	Number awarded	Value awarded	Number vested	Value vested	Number exercised	Value Exercised	Number Forfeited	Value Forfeited	Vested	Unvested
Agostini, Philippe	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	11 826	0									11 826	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	13 463			13 463						13 463	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	17 887							3 479		0	14 408
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	13 987							7 577		0	6 410
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	24 293	76 037					20 919		0	3 374
Amselem, Armando	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	15 106	0									15 106	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	14 882			14 882						14 882	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	23 193									0	23 193
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	15 508									0	15 508
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	32 215	100 833							0	32 215
Bonnard, Laurent	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	11 730	0									11 730	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	10 616			10 616						10 616	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	17 701							3 442		0	14 259
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	15 852							8 587		0	7 265
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	23 077	72 231					19 872		0	3 205
Bouaziz, Charles	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	62 220	0									62 220	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	45 052			45 052						45 052	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	75 114							20 865		0	54 249
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	64 610							40 381		0	24 229
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	88 333	276 482					58 889		0	29 444
De Lathauwer, Astrid	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	11 666										11 666	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	10559			10 559						10 559	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	19 441									0	19 441
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	16 722									0	16 722
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	22 436	70 225							0	22 436
De Poorter, Annick	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	8 522										8 522	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	9 316			9 316						9 316	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	17 931									0	17 931
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	16 125									0	16 125
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	24 717	77 364							0	24 717
Desmartis, Charles	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	64 327									0	64 327
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	41 924	131 222							0	41 924
Lambrecht, Xavier	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	10 813										10 813	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	11 779			11 779						11 779	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	19 638									0	19 638
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	15 356									0	15 356
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	20 398	63 846							0	20 398
Löbel, Axel	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	12 636									0	12 636
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	18 886	59 113							0	18 886
Navarre, Thierry	SOP 2016	12-mai-16	13-mai-19	8 years	28,44	19 886										19 886	0
	SOP 2017	11-mai-17	12-mai-20	8 years	33,11	0	20 979			20 979						20 979	0
	SOP 2018	29-mai-18	30-mai-21	8 years	23,56	0	38 475									0	38 475
	SOP 2019	13-juin-19	14-juin-22	8 years	14	0	32 164									0	32 164
	SOP 2020	28-mai-20	29-mai-23	8 years	13,9	0	0	41 924	131 222							0	41 924

alue awarded is obtained by multiplying the number of options awarded by the value of the option at grant
alue vested is obtained by multiplying the number of options vested by the difference between the exercise price and the share price at vesting, if positive
Value exercised is obtained by multiplying the number of options exercised by the difference between the exercise price and the share price at exercise, if positive
Value forfeited is obtained by multiplying the number of options forfeited by the difference between the exercise price and the share price at the time of forfeiture, if positive

		Main RSU Conditions		Information for the reported financial year							
				Opening Balance	During the Year						Closing Balance
Beneficiary	Plan Type	Grant Date	Vesting Date	Unvested	Number awarded	Value awarded	Number vested	Value vested	Number Forfeited	Value Forfeited	Unvested
Agostini, Philippe	RSU 2017	11-mai-17	12-mai-20	3 098			3 098	47 306			0
	RSU 2018	29-mai-18	30-mai-21	3 553					691	6 565	2 862
	RSU 2019	13-juin-19	14-juin-22	4 420					2 594	24 643	1 826
	RSU 2020	28-mai-20	29-mai-23	0	5 470	76 033			4 711	44 755	759
Amselem, Armando	RSU 2017	11-mai-17	12-mai-20	3 425			3 425	52 300			0
	RSU 2018	29-mai-18	30-mai-21	4 607							4 607
	RSU 2019	13-juin-19	14-juin-22	4 420							4 420
	RSU 2020	28-mai-20	29-mai-23	0	7 254	100 831					7 254
Bonnard, Laurent	RSU 2017	11-mai-17	12-mai-20	2 443			2 443	37 305			0
	RSU 2018	29-mai-18	30-mai-21	3 516					684	6 498	2 832
	RSU 2019	13-juin-19	14-juin-22	4 518					2 448	23 256	2 070
	RSU 2020	28-mai-20	29-mai-23	0	5 197	72 238			4 476	42 522	721
Bouaziz, Charles	RSU 2017	11-mai-17	12-mai-20	10 368			10 368	158 319			0
	RSU 2018	29-mai-18	30-mai-21	14 921					4 145	50 569	10 776
	RSU 2019	13-juin-19	14-juin-22	18 414					11 509	140 410	6 905
	RSU 2020	28-mai-20	29-mai-23	0	19 891	276 485			13 261	161 784	6 630
De Lathauwer, Astrid	RSU 2017	11-mai-17	12-mai-20	2 430			2 430	37 106			0
	RSU 2018	29-mai-18	30-mai-21	3 862							3 862
	RSU 2019	13-juin-19	14-juin-22	4 766							4 766
	RSU 2020	28-mai-20	29-mai-23	0	5 052	70 223					5 052
De Poorter, Annick	RSU 2017	11-mai-17	12-mai-20	2 144			2 144	32 739			0
	RSU 2018	29-mai-18	30-mai-21	3 562							3 562
	RSU 2019	13-juin-19	14-juin-22	4 595							4 595
	RSU 2020	28-mai-20	29-mai-23	0	5 566	77 367					5 566
Desmartis, Charles	RSU 2019	13-juin-19	14-juin-22	18 333							18 333
	RSU 2020	28-mai-20	29-mai-23	0	9 440	131 216					9 440
Lambrecht, Xavier	RSU 2017	11-mai-17	12-mai-20	2 711			2 711	41 397			0
	RSU 2018	29-mai-18	30-mai-21	3 901							3 901
	RSU 2019	13-juin-19	14-juin-22	4 377							4 377
	RSU 2020	28-mai-20	29-mai-23	0	4 593	63 843					4 593
Löbel, Axel	RSU 2019	13-juin-19	14-juin-22	3 601							3 601
	RSU 2020	28-mai-20	29-mai-23	0	4 253	59 117					4 253
Navarre, Thierry	RSU 2017	11-mai-17	12-mai-20	4 828			4 828	73 724			0
	RSU 2018	29-mai-18	30-mai-21	7 643							7 643
	RSU 2019	13-juin-19	14-juin-22	9 167							9 167
	RSU 2020	28-mai-20	29-mai-23	0	9 440	131 216					9 440

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

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

Beneficiary	Plan Type	Main PS Conditions			Information for the reported financial year							
					Opening Balance	During the Year						Closing Balance
		Performance period	Grant Date	Vesting Date	Unvested	Number awarded	Value awarded	Number vested	Value vested	Number Forfeited	Value Forfeited	Unvested
Agostini, Philippe	PS 2019	2019-2021	13-juin-19	14-juin-22	4 420					2 594	24 643	1 826
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	5 470	76 033			4 711	44 755	759
Amselem, Armando	PS 2019	2019-2021	13-juin-19	14-juin-22	4 420							4 420
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	7 254	100 831					7 254
Bonnard, Laurent	PS 2019	2019-2021	13-juin-19	14-juin-22	4 518					2 448	23 256	2 070
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	5 197	72 238			4 476	42 522	721
Bouaziz, Charles	PS 2019	2019-2021	13-juin-19	14-juin-22	18 414					11 509	140 410	6 905
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	19 891	276 485			13 261	161 784	6 630
De Lathauwer, Astrid	PS 2019	2019-2021	13-juin-19	14-juin-22	4 766							4 766
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	5 052	70 223					5 052
De Poorter, Annick	PS 2019	2019-2021	13-juin-19	14-juin-22	4 595							4 595
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	5 566	77 367					5 566
Desmartis, Charles	PS 2019	2019-2021	13-juin-19	14-juin-22	18 333							18 333
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	9 440	131 216					9 440
Lambrecht, Xavier	PS 2019	2019-2021	13-juin-19	14-juin-22	4 377							4 377
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	4 593	63 843					4 593
Löbel, Axel	PS 2019	2019-2021	13-juin-19	14-juin-22	3 601							3 601
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	4 253	59 117					4 253
Navarre, Thierry	PS 2019	2019-2021	13-juin-19	14-juin-22	9 167							9 167
	PS 2020	2020-2022	28-mai-20	29-mai-23	0	9 440	131 216					9 440

Value awarded is obtained by multiplying the number of performance shares awarded by the closing share price on the date preceding the grant
Value vested is obtained by multiplying the number of performance shares vested by the share price at 12PM on the date of the vesting
Value forfeited is obtained by multiplying the number of performance shares forfeited by the closing share price on the date of forfeiture

9.6. Remuneration and Performance Evolution over the last 5 years

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

	2016	2017	2018	2019	2020
Remuneration Directors	517 000	717 500	878 500	796 000	1 384 408
Year-on-year change		*39%*	*22%*	*-9%*	*74%*
Remuneration CEO	2 080 793	1 337 278	1 645 643	2 570 254	6 779 690
Year-on-year change		*-36%*	*23%*	*56%*	*164%*
Remuneration other Executives	7 769 321	6 040 576	7 530 716	9 057 625	7 827 523
Year-on-year change		*-22%*	*25%*	*20%*	*-14%*
Revenue at Plan Rate (Y-o-Y)	22%	14%	0%	-3%	-4%
Revenue at Reported Rate (Y-o-Y)	18%	18%	-3%	0%	-9%
Adj. EBITDA at Plan Rate (Y-o-Y)	21%	-12%	0%	2%	12%
Adj. EBITDA at Reported Rate (Y-o-Y)	19%	7%	-12%	5%	-4%
Average Employee Remuneration	34 183	30 573	32 967	39 750	38 944
Year-on-year change		*-11%*	*8%*	*21%*	*-2%*

Remuneration in the table above includes the total remuneration as defined in sections 9.4 (Directors) and 9.5.2 (CEO and other Executives). Revenue and Adjusted EBITDA are as per financial communications. The average employee remuneration represents the total remuneration paid to all employees of Ontex in 2020, divided by the average total number of employees during 2020.

The 2020 ratio of the total remuneration of the CEO versus the total remuneration of the lowest remunerated employee (located in Ethiopia) is 977. For the calculation of this ratio, the remuneration includes fixed remuneration, variable remuneration as well as employee benefits. It excludes employer contributions for social security and extra-ordinary payments, because of their non-recurring nature.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

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

INDEPENDENT AUDITORS' REPORT

ONTEX GROUP NV
April 22nd 2021

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ONTEX GROUP NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

We have been appointed as statutory auditor by the general meeting *d.d.* 25 May 2020, following the proposal formulated by the board of directors and following the recommendation by the audit committee Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the Company's consolidated accounts for 7 consecutive years.

REPORT ON THE CONSOLIDATED ACCOUNTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 3,067.0 million and a profit for the year of EUR 54.0 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

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

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

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

KEY AUDIT MATTERS

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

(1) Impairment of goodwill

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 1,106.7 million as detailed in disclosure 7.9. Under the International Financial Reporting Standards as endorsed by the EU ("IFRS's"), the Company is required to test the amount of goodwill for impairment at least annually. We consider this matter to be of most significance because of the complexity of the assessment process and significant judgments in respect of assumptions about the future results of the business and the discount rates applied to future cash flow forecasts. The most important assumptions relate to the discount rate, growth rates of revenue and operating margin. We focused on the goodwill of the Cash Generating Units (further CGU) Americas and Europe because they are most sensitive to changes in key assumptions.

How our audit addressed the key audit matter

We challenged if the goodwill impairment test was performed at the lowest CGU level at which the goodwill is monitored. We challenged the cash flow projections used in the impairment tests and the process through which they were prepared. We found that the projected cash flow for 2021 were consistent with the Board approved budgets, which were subject to timely oversight and challenge by the Directors. We have critically assessed the historical accuracy of management's estimates and evaluation of business plans by comparing the prior year's forecast with the Group's actual performance. For the cash flows after 2021 we critically assessed and checked the assumptions related to the long-term growth rates, by comparing them to industry forecasts and historical growth rates. We compared the weighted average cost of capital ("WACC") to the cost of capital and debt of the Group and comparable organisations, as well as considering territory specific factors. We tested the calculation method used and the accuracy thereof. We compared operating margin, working capital- and CAPEX percentage with past actuals. We challenged the adequacy of management's sensitivity analysis of the headroom. For all CGUs we calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management. We included valuation specialists in our team to assist us with these procedures. We also assessed the adequacy of the disclosures (Note 7.9 and Note 7.4.4) in the financial statements.

Our results

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

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

Description of the key audit matter

Ontex has recognised a deferred tax asset and deferred tax liability of respectively EUR 24.9 million and EUR 29.2 million. EUR 123.8 million deferred tax asset position was not recognised, as disclosed in Note 7.19. In 2020 Ontex wrote-off EUR 4.2 million deferred tax assets on previously recognised tax losses and EUR 7.3 million deferred tax asset positions on tax losses of 2020 were not recognised as disclosed in Note 7.27. The valuation of the deferred tax positions at Ontex involved significant judgement, more specifically in the determination of the recognition of deferred tax assets related to tax losses carried forward. The estimation of the future taxable basis is highly judgemental as well as the assessment of the impact of tax laws and regulations, tax planning action and strategies, rulings and transfer pricing. Because of all the aforementioned reasons, we found this key audit matter to be of most significance for our audit.

How our audit addressed the key audit matter

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

We also assessed the adequacy and completeness of the Company's disclosure included in Note 7.4.2, 7.19 and 7.27 in respect of deferred taxes.

Our results

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

(3) Accounting for accruals for sales incentives and purchase related incentives

Description of the key audit matter

Trade discounts and volume rebates related to both sales and purchases are subject to judgmental estimates and assessments of the impact of commercial negotiations which take place after year-end. The impact of commercial negotiations is material and hence of most significance for our audit. Ontex calculates an estimate of final incentives based on the information available until the financial statements are established. Incentives related to sales are reported as deduction of Group's revenue. Purchase discounts are recorded as a deduction of the initial purchase.

How our audit addressed the key audit matter

We have agreed the discount percentages or lump sum payments to underlying customer agreements, we recalculated the accrual and challenged the estimated impact of commercial negotiations taking into account the results. For a sample of supplier rebates, we obtained external confirmations of the bonus to be received. We also performed back-testing on the accruals per 31 December 2019. We reviewed credit notes and other adjustments to trade receivables and trade payables after 31 December 2020 as part of our work around subsequent events.

Our results

Our work did not identify findings that are significant for the financial statements as a whole.

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

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

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

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

Statutory auditor's responsibilities

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

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

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

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

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

Statement related to independence

Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statements

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

Ghent, Thursday, April 22nd

The statutory auditor

PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV

Represented by

Lien Winne

Réviseur d’Entreprises / Bedrijfsrevisor

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1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on April 1, 2021.

1.2. BUSINESS ACTIVITIES

Ontex is a leading international provider of personal hygiene solutions, with expertise in baby care, feminine care and adult care. Ontex's innovative products are distributed in more than 110 countries through Ontex brands such as BBTips, BioBaby, Pompom, Bigfral, Canbebe, Canped, ID and Serenity, as well as leading retailer brands. Employing some 10,000 passionate people all over the world, Ontex has a presence in 21 countries, with its headquarters in Aalst, Belgium.

1.3. HISTORY OF THE GROUP

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

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

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

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

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

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

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

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

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

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

1.4. LEGAL STATUS

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

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

ASSETS in € million	Note	December 31, 2020	December 31, 2019
Non-current Assets			
Goodwill	9	1,106.7	1,171.2
Intangible assets	9	53.5	52.0
Property, plant and equipment	10	615.9	622.7
Right of use assets	11	126.8	150.4
Deferred tax assets	19	24.9	29.3
Non-current receivables	13	6.9	18.1
		1,934.7	**2,043.7**
Current Assets			
Inventories	12	319.1	318.8
Trade receivables	13	286.3	324.2
Prepaid expenses and other receivables	13	57.0	49.1
Current tax assets	19	18.8	15.8
Derivative financial assets	5.1	18.0	1.4
Cash and cash equivalents	14	430.1	127.8
Non-current assets held for sale	10	2.9	4.2
		1,132.4	**841.2**
TOTAL ASSETS		**3,067.0**	**2,884.9**

EQUITY AND LIABILITIES in € million	Note	December 31, 2020	December 31, 2019
Equity attributable to owners of the company			
Share capital & premium	15	1,208.0	1,208.0
Treasury shares		(38.8)	(40.3)
Cumulative translation reserves		(333.5)	(172.6)
Retained earnings and other reserves		262.7	203.1
TOTAL EQUITY		**1,098.4**	**1,198.2**
Non-current liabilities			
Employee benefit liabilities	18	26.6	26.9
Interest-bearing debts	17	911.4	919.5
Deferred tax liabilities	19	29.2	34.7
Other payables		0.5	0.6
		967.6	**981.7**
Current liabilities			
Interest-bearing debts	17	366.3	69.6
Derivative financial liabilities	5.1	14.1	11.9
Trade payables	20	476.9	465.6
Accrued expenses and other payables	20	40.9	39.0
Employee benefit liabilities	20	52.5	55.1
Current tax liabilities	19	31.8	39.4
Provisions	21	18.5	24.4
		1,001.1	**705.0**
TOTAL LIABILITIES		**1,968.7**	**1,686.7**
TOTAL EQUITY AND LIABILITIES		**3,067.0**	**2,884.9**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year 2020	Full Year 2019
Revenue	6.1	2,086.8	2,281.3
Cost of sales	25	(1,477.7)	(1,661.3)
Gross Margin		**609.1**	**620.0**
Distribution expenses	25	(194.6)	(203.4)
Sales and marketing expenses	25	(166.0)	(168.3)
General administrative expenses	25	(91.2)	(90.4)
Other operating income/(expenses), net	23-25	(8.5)	(0.5)
Income and expenses related to changes to Group structure	24	(25.4)	(58.8)
Income and expenses related to impairments and major litigations	24	(12.4)	(11.5)
Operating profit		**110.9**	**87.2**
Finance income	26	1.8	2.6
Finance costs	26	(38.0)	(39.3)
Net exchange differences relating to financing activities	26	0.5	(1.0)
Net finance cost		**(35.7)**	**(37.7)**
Profit before income tax		**75.2**	**49.5**
Income tax expense	27	(21.3)	(12.2)
Profit for the period from continuing operations		**54.0**	**37.3**
Profit for the period		**54.0**	**37.3**
Profit attributable to:			
Owners of the parent		54.0	37.3
Profit for the period		**54.0**	**37.3**

Earnings per share:

in € million	Note	Full Year 2020	Full Year 2019
Basic earnings per share	16	0.67	0.46
Diluted earnings per share	16	0.67	0.46
Adjusted basic earnings per share	16	1.01	1.07
Adjusted diluted earnings per share	16	1.01	1.07
Weighted average number of ordinary shares outstanding during the period		80,851,227	80,804,164

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

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

	Full Year	
in € million	**2020**	**2019**
Profit for the period	**54.0**	**37.3**
Other comprehensive income/(loss) for the period, after tax:		
Remeasurements of defined benefit plans (note 7.18)	0.7	(3.7)
Deferred tax on items that will not be reclassified subsequently to income statement	(0.2)	0.8
Items that will not be reclassified subsequently to income statement, net of tax	**0.5**	**(2.8)**
Exchange differences on translating foreign operations	(161.0)	17.1
Fair value remeasurements - Cash flow hedge	3.1	(5.9)
Deferred tax on items that will be reclassified subsequently to income statement	0.3	1.2
Items that will be reclassified subsequently to income statement, net of tax	**(157.5)**	**12.4**
Other comprehensive income/(loss) for the period, net of tax	**(157.0)**	**9.5**
Total comprehensive income/(loss) for the period	**(103.0)**	**46.8**
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(103.0)	46.8
Total comprehensive income/(loss) for the period	**(103.0)**	**46.8**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

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

	Attributable to equity holders of the Company						
in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2019	**82,347,218**	**795.2**	**412.8**	**(40.3)**	**(172.6)**	**203.1**	**1,198.2**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	3.2	3.2
Settlement of share-based payments	-	-	-	1.5	-	(1.5)	-
Total transactions with owners 2020	-	**-**	**-**	**1.5**	**-**	**1.7**	**3.2**
Comprehensive income:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**54.0**	**54.0**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	(161.0)	-	(161.0)
Remeasurements of defined benefit pension plans	-	-	-	-	-	0.5	0.5
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	3.5	3.5
Total other comprehensive income	**-**	**-**	**-**	**-**	**(161.0)**	**4.0**	**(157.0)**
Balance at December 31, 2020	**82,347,218**	**795.2**	**412.8**	**(38.8)**	**(333.5)**	**262.7**	**1,098.4**

	Attributable to equity holders of the Company						
in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2018	**82,347,218**	**795.2**	**412.8**	**(42.1)**	**(189.7)**	**208.0**	**1,184.2**
Restatement opening balance (IFRS 16)						(1.0)	(1.0)
Restatement opening balance (IFRIC 23)						(2.5)	(2.5)
Restated Balance at December 31, 2018	**82,347,218**	**795.2**	**412.8**	**(42.1)**	**(189.7)**	**204.5**	**1,180.6**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	1.8	-	2.1	4.0
Dividends	-	-	-	-	-	(33.1)	(33.1)
Treasury Shares	-	-	-	-	-	(0.1)	(0.1)
Total transactions with owners 2019	**-**	**-**	**-**	**1.8**	**-**	**(31.0)**	**(29.2)**
Comprehensive income:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**37.3**	**37.3**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	17.1	-	17.1
Remeasurements of defined benefit pension plans	-	-	-	-	-	(2.8)	(2.8)
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	(4.8)	(4.8)
Total other comprehensive income	**-**	**-**	**-**	**-**	**17.1**	**(7.6)**	**9.5**
Balance at December 31, 2019	**82,347,218**	**795.2**	**412.8**	**(40.3)**	**(172.6)**	**203.1**	**1,198.2**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2020, is as follows:

Shareholder	December 31, 2020	%[1]
Groupe Bruxelles Lambert SA	16,454,453	19.98%
ENA Investment Capital	12,411,999	15.07%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Zadig Asset Management SA	2,651,884	3.22%
CIAM	2,614,990	3.18%

[1]At the time of the transparency declaration

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

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

	Full Year	
in € million	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**54.0**	**37.3**
Adjustments for:		
Income tax expense	21.3	12.2
Depreciation and amortization	86.8	87.6
Impairment losses and results on disposal of property, plant and equipment	3.8	7.9
Provisions (including employee benefit liabilities)	(1.7)	20.1
Change in fair value of financial instruments	1.9	2.3
Net finance cost	35.7	37.7
Changes in working capital:		
Inventories	(29.9)	49.8
Trade and other receivables and prepaid expenses	(0.8)	44.4
Trade and other payables and accrued expenses	51.5	(25.1)
Employee benefit liabilities	1.2	7.0
Cash from operating activities before taxes	**223.8**	**281.3**
Income taxes paid	(33.3)	(42.3)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**190.5**	**239.0**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(105.6)	(103.9)
Proceeds from disposal of property, plant and equipment and intangible assets	0.6	2.2
Payment for acquisition of subsidiary, net of cash acquired (note 8)	(7.6)	0.0
NET CASH USED IN INVESTING ACTIVITIES	**(112.6)**	**(101.7)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (note 17)	308.3	48.8
Repayment of borrowings (note 17)	(33.2)	(122.3)
Interests paid (note 26)	(29.8)	(31.3)
Interests received (note 26)	1.8	2.6
Cost of refinancing & other costs of financing	(1.1)	(7.3)
Realized foreign exchange (losses)/gains on financing activities	(2.5)	2.9
Derivative financial assets	(0.9)	(1.2)
Dividends paid	(0.0)	(33.1)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**242.6**	**(141.0)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**320.5**	**(3.6)**
Cumulative translation differences on cash movements	(18.2)	0.9
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**127.8**	**130.6**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**430.1**	**127.8**

The accompanying notes are an integral part of the Audited Consolidated Financial Statements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1.1. Introduction

The accounting policies used to prepare the consolidated financial statements for the period from January 1, 2020 to December 31, 2020 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2019 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented.

7.1.2. Basis of preparation

These consolidated financial statements of the Ontex Group NV for the year ended December 31, 2020 have been prepared in compliance with IFRS (“International Financial Reporting Standards”) as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2020. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2020, did not have a significant impact. No new standards, amendments to standards or interpretations were early adopted.

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments for which fair value is used (such as derivative instruments).

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

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

IFRS accounting standards to be adopted as from 2020 and onwards

The following relevant new standards and amendments to existing standards have been published and endorsed by the European Union and are mandatory for the first time for the financial periods beginning on or after January 1, 2020:

Amendments to IFRS 3 – *Definition of a Business* (effective January 1, 2020): The amendments aim to assist companies to determine whether it has acquired a business or a group of assets.

Amendments to IAS 1 and IAS 8 – *Definition of Material* (effective January 1, 2020): The amendments clarify the definition of “material” and to align the definition used in the Conceptual Framework and the standards.

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

Relevant IFRS accounting pronouncements to be adopted as from 2021 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after January 1, 2021 and have not been early adopted. Those which may be the most relevant to the Ontex Group’s consolidated financial statements are set out below, but are expected not to have a significant impact on the Ontex’ consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform – Phase 2* (effective 01/01/2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

Amendments to IFRS 16 – *Covid 19-Related Rent Concessions* (effective June 1, 2020): If certain conditions are met, the amendments would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current* (effective January 1, 2023, but not yet endorsed in EU): The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 – *Disclosure of Accounting policies* (effective January 1, 2023, but not yet endorsed in EU).

Amendments to IAS 16 – *Proceeds before Intended Use* (effective January 1, 2022, but not yet endorsed in EU): The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Amendments to IAS 37 – *Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022, but not yet endorsed in EU): The amendments clarify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

Annual Improvements 2018-2020 (effective January 1, 2022, but not yet endorsed in EU): The annual improvements package includes the following minor amendments: Subsidiary as a First-time Adopter (Amendment to IFRS 1); Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9); Lease Incentives (Amendment to Illustrative Example 13 of IFRS 16); Taxation in Fair Value Measurements (Amendment to IAS 41).

7.1.3. Consolidation

Subsidiaries

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

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

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

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

Transactions with non-controlling interests

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

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

7.1.4. Goodwill

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

The goodwill recognized in the statement of financial position is allocated to four Cash Generating Units (CGUs). These CGUs are Europe, Healthcare, Middle East, Africa and Asia and Americas. They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

7.1.5. Foreign currencies

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

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

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

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

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

	December 31, 2020		December 31, 2019	
Currency	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.5896	1.6554	1.5995	1.6106
BRL	6.3735	5.8900	4.5157	4.4135
CZK	26.2420	26.4554	25.4080	25.6697
GBP	0.8990	0.8892	0.8508	0.8773
MXN	24.4160	24.5118	21.2202	21.5573
PLN	4.5597	4.4432	4.2568	4.2975
RUB	91.4671	82.6454	69.9563	72.4593
TRY	9.1131	8.0436	6.6843	6.3573
USD	1.2271	1.1413	1.1234	1.1196

7.1.6. Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

Amortization commences only when the asset is available for use.

7.1.7. Property, plant and equipment

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

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

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

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

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

7.1.8. Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.1.10. Inventories

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

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

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

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

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

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

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

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

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

7.1.12. Revenue recognition

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

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

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

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

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

7.1.13. Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

7.1.14. Cash and cash equivalents

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

7.1.15. Share capital

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

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

7.1.16. Government grants

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

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

7.1.17. Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

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

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

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

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

Long-term employee benefits

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

Termination benefits

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

7.1.18. Share-based payments

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

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

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

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

7.1.19. Provisions

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

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

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

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

7.1.20. Income taxes

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

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

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

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

However, the deferred tax is not recognized for:

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

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

Deferred tax liabilities are generally recognized for taxable temporary differences.

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

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

7.1.21. Financial liabilities

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

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

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

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

A limited part of trade payable is subject to reverse factoring. As the main risk and rewards of the trade payable remain with the Group, the financial liability is not de-recognized from trade payables.

7.1.22. Derivative financial instruments

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

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

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

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

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

7.1.23. Hedge accounting

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

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

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

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

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

7.1.24. Operating segments

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

7.1.25. Statement of cash flows

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

7.2. ALTERNATIVE PERFORMANCE MEASURES

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

7.2.1. Non-recurring income and expenses

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

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

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

7.2.2. EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses.

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

	Full Year	
in € million	**2020**	**2019**
Operating profit	**110.9**	**87.2**
Depreciation and amortization	86.8	87.6
EBITDA	**197.7**	**174.8**
Non-recurring income and expenses	37.9	70.3
Adjusted EBITDA	**235.6**	**245.1**

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

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents.

LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses for the last twelve months (LTM).

Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are presented in note 7.3 'Capital Management'.

7.2.4. Free Cash Flow

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

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

	Full Year	
in € million	**2020**	**2019**
Operating profit	**110.9**	**87.2**
Depreciation and amortization	86.8	87.6
EBITDA	**197.7**	**174.8**
Non-cash items in cash flows from operating activities	4.1	30.3
Change in working capital		
Inventories	(29.9)	49.8
Trade and other receivables and prepaid expenses	(0.8)	44.4
Trade and other payables and accrued expenses	51.5	(25.1)
Employee benefit liabilities	1.2	7.0
Cash from operating activities before taxes	**223.8**	**281.3**
Income taxes paid	(33.3)	(42.3)
Net cash generated from operating activities	**190.5**	**239.0**
Capex	(105.6)	(103.9)
Cash (used in)/from on disposal	0.6	2.2
Repayment of lease liabilities	(26.0)	(27.6)
Free cash flow	**59.5**	**109.7**

7.2.5. Adjusted Basic Earnings and Adjusted Basic Earnings per Share

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

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

7.2.6. Working Capital

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

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

Pro-forma revenue at constant currency

Pro-forma revenue at constant currency is defined as revenue for the 12 months period ending on the reporting date at prior year foreign exchange rates and inclusive of impact of mergers and acquisitions.

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.

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

7.3. CAPITAL MANAGEMENT

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

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

The net debt positions of the Group for the years ended December 31 are as follows:

in € million	December 31, 2020	December 31, 2019
Non-current interest-bearing debts	911.4	919.5
Current interest-bearing debts	366.3	69.6
Cash and cash equivalents	(430.1)	(127.8)
Total net debt position	**847.6**	**861.3**
LTM Adjusted EBITDA	235.6	245.1
Net financial debt/LTM Adjusted EBITDA ratio	**3.60**	**3.51**

The Group is subject to covenants, which are further disclosed in note 7.17.

7.4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

7.4.1. COVID-19

As disclosed in the Integrated Annual Report, infectious diseases of epidemic and pandemic potential are considered a significant risk to economic activity and consequently one faced by the Group. The outbreak of the COVID-19 pandemic which has been visible since early 2020 until today is a clear example of such risk.

The COVID-19 pandemic and the related measures taken to contain the virus and minimize its consequences (government lockdowns in most countries), have had and are expected to continue to have adverse effects on the activities and financial results of the Group, including market demand, operating profitability (EBITDA), financial position and cash flows.

Our entire organization is concentrating its efforts on ensuring safe working conditions and ensuring supply of essential hygiene products to our customers in the face of the COVID-19 pandemic.

The health and safety of all Ontex colleagues is our paramount priority. Since the spread of the COVID-19 virus to countries where we have operations, we have followed all the guidelines provided by the relevant authorities. Where remote working is not possible, we are taking additional steps beyond the guidelines to provide a safe working environment for employees.

We are committed to serving consumers and customers who rely on an uninterrupted supply of critical, daily-use personal hygiene products. All our production and supply chain operations are functioning thanks to our constantly-updated business continuity plans, which include working tirelessly with governments, customers and suppliers whose support has been critical.

We continue to provide support to the many communities where we live and work through donations of our products and in-demand safety equipment such as safety gloves from third parties to hospitals, nursing homes and social support organization.

The Group has a solid financial position and liquidity. As a matter of caution due to the current level of economic uncertainty, we decided to fully draw down the € 300 million of the syndicated revolving credit facility (maturing in November 2022) to provide financial flexibility if necessary.

The Group complied with all requirements of the loan covenants on its available credit facilities throughout the reporting period.

As described above, our business, financial condition, cash flows and operating results have been and may continue to be negatively impacted by the COVID-19 pandemic. The Group's solid finance and liquidity structure should however be more than sufficient to ensure the going concern of the Company.

7.4.2. Income taxes

The Group has tax losses and other tax incentives usable to offset future taxable profits, mainly in Belgium, Brazil, France and Spain, amounting to € 557.3 million at December 31, 2020 (€ 583.0 million at December 31, 2019).

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

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

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

The Group has only recognized deferred tax assets on € 124.1 million of tax losses and other tax incentives out of the € 557.3 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimates are made prudently to the extent of the best current knowledge.

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

7.4.3. Business combinations

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

7.4.4. Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 7.1.4 "Goodwill". The outcome of these goodwill impairment tests in 2020 did not result in an impairment loss (2019: nil).

The Group identifies the following cash-generating units:

- Europe
- Healthcare
- MEAA (Middle East, Africa and Asia)
- Americas

The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex' financial budgets and strategic plans, as well as discount rates. For more details on the impairment test performed, we refer to note 7.9 'Goodwill and intangible assets'. The discount rates used are summarized here below:

	Full Year	
in %	**2020**	**2019**
Pre-tax discount rate		
Europe	5.7%	6.1%
Healthcare	5.3%	6.4%
Middle East, Africa and Asia	11.2%	9.1%
Americas	7.4%	6.8%

A sensitivity analysis indicates that the recoverable amount of Europe, Healthcare, Middle East Africa and Asia (MEAA) and Americas would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 7.9%, 23.3%, 19.0% and 8.7%, respectively and all other variables kept constant.

As indicated in note 7.9, cash flows beyond the three-year period are extrapolated using an estimated growth rate of 1.0% for Europe, 1.5% for Healthcare, 3.0% for MEAA and 3.6% for Americas. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the four CGUs are currently operating. Should the growth rate for any of the CGUs decrease by 40%, no impairment would need to be recognized.

Should the estimated operating margins decrease by 20%, no impairment would be recognized.

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

7.4.5. Expected useful lives

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

7.4.6. Fair value of derivatives and other financial instruments

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

7.4.7. Employee benefits

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

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

7.4.8. Revenue recognition

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

7.5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

7.5.1. Overview of financial instruments

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

in € million	December 31, 2020 Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		6.9	6.9	Level 2
Trade receivables		286.3	286.3	Level 2
Other receivables		57.0	57.0	Level 2
Derivative financial assets	18.7		18.7	
Cross-currency interest rate swaps	*15.0*		*15.0*	Level 2
Forward foreign exchange contracts	*1.0*		*1.0*	Level 2
Commodity hedging contracts	*2.7*		*2.7*	Level 2
Cash and cash equivalents		430.1	430.1	Level 2
Total Financial Assets	**18.7**	**780.4**	**799.1**	
Interest-bearing debts - non-current		911.4	917.2	
Syndicated Term Loan A > 1 year		*594.2*	*600.0*	Level 2
Term Loan > 1 year		*150.0*	*150.0*	Level 2
Lease & other liabilities		*167.2*	*167.2*	Level 2
Derivative financial liabilities	14.0		14.0	
Interest rate swap	*7.1*		*7.1*	Level 2
Forward foreign exchange contracts	*6.9*		*6.9*	Level 2
Other payables - non-current		0.5	0.5	Level 2
Interest-bearing debts - current		366.3	366.3	
Revolver credit loan		*300.0*	*300.0*	Level 2
Accrued interests - Other		*1.6*	*1.6*	Level 2
Total return swap		*31.2*	*31.2*	Level 2
Lease & other liabilities		*33.5*	*33.5*	Level 2
Trade payables		476.9	476.9	Level 2
Other payables - current		40.9	40.9	Level 2
Total Financial Liabilities	**14.0**	**1,796.1**	**1,815.9**	

in € million	December 31, 2019 Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		18.1	18.1	Level 2
Trade receivables		324.2	324.2	Level 2
Other receivables		49.1	49.1	Level 2
Derivative financial assets	1.4		1.4	
Cross-currency interest rate swaps	*1.3*		*1.3*	Level 2
Forward foreign exchange contracts	*0.1*		*0.1*	Level 2
Cash and cash equivalents		127.8	127.8	Level 2
Total Financial Assets	**1.4**	**519.3**	**520.6**	
Interest-bearing debts - non-current		919.5	928.5	
Syndicated Term Loan A > 1 year		*591.0*	*600.0*	Level 2
Term Loan > 1 year		*150.0*	*150.0*	Level 2
Lease & other liabilities		*178.5*	*178.5*	Level 2
Derivative financial liabilities	11.9		11.9	
Interest rate swap	*8.9*		*8.9*	Level 2
Forward foreign exchange contracts	*2.5*		*2.5*	Level 2
Commodity hedging contracts	*0.5*		*0.5*	Level 2
Other payables - non-current		0.6	0.6	Level 2
Interest-bearing debts - current		69.6	69.6	
Accrued interests - Other		*1.2*	*1.2*	Level 2
Total return swap		*31.2*	*31.2*	Level 2
Lease & other liabilities		*37.1*	*37.1*	Level 2
Trade payables		465.6	465.6	Level 2
Other payables - current		39.0	39.0	Level 2
Total Financial Liabilities	**11.9**	**1,494.4**	**1,515.3**	

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 December 31, 2020	Fair value December 31, 2019	Nominal amounts December 31, 2020	Nominal amounts December 31, 2019
Derivative financial assets	**18.7**	**1.4**	**134.2**	**67.3**
Cross-Currency Interest rate swap	*15.0*	*1.3*	*47.0*	*47.0*
Forward foreign exchange contracts	*1.0*	*0.1*	*60.3*	*20.3*
Commodity hedging contracts	*2.7*	*-*	*26.9*	*-*
Derivative financial liabilities	**14.0**	**11.9**	**734.7**	**625.5**
Interest rate swap	*7.1*	*8.9*	*510.0*	*510.0*
Forward foreign exchange contracts	*6.9*	*2.5*	*224.7*	*106.9*
Commodity hedging contracts		*0.5*		*8.5*

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship (see below in notes 7.5.3 to 7.5.5).

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

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

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

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

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

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

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per December 31, 2020 (nor 2019).

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

7.5.2. Financial risk factors

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

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

7.5.3. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP), the Turkish lira (TRY), the Polish zloty (PLN), the Australian dollar (AUD), the Mexican peso (MXN), the Brazilian real (BRL) and Russian ruble (RUB) in relation to sales, and the US dollar (USD), the Czech koruna (CZK), the Mexican peso (MXN) and the Brazilian real (BRL) in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group also has exposures to the Turkish lira (TRY), Algerian dinar (DZD), Russian ruble (RUB), Czech koruna (CZK), Australian dollar (AUD) Pakistani rupee (PKR), Mexican peso (MXN) and Brazilian real (BRL) due to their net investments in foreign operations.

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

	Assets		Liabilities	
in € million	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
EUR	2,630.6	1,895.8	4,156.8	2,589.2
BRL	44.7	53.1	87.5	90.7
USD	129.0	95.6	160.7	160.0
MXN	45.5	56.3	48.8	36.7
PLN	101.6	107.8	54.0	61.7
DZD	31.4	34.7	0.0	8.0
RUB	23.2	26.9	2.3	1.2
GBP	85.4	66.9	52.5	44.5
TRY	15.7	18.7	7.5	6.5
AUD	26.3	29.6	14.0	17.1

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

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

The Group has entered into foreign exchange forward contracts in 2020 maturing at the latest in April 2022 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in US dollar and Czech crown during 2021. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2021: for British pound (GBP) 60.4 million, for Polish zloty (PLN) 299.7 million, for Australian dollar (AUD) 23.9 million, for Czech crown (CZK) 645.7 million, for US dollar (USD) 66.8 million versus EUR, US dollar (USD) 12.5 million versus Mexican peso (MXN), US dollar (USD) 18.7 million versus Brazilian real (BRL), US dollar (USD) 13.1 million versus Czech crown (CZK), for Brazilian real (BRL) 6.4 million and for Mexican peso (MXN) 3.8 million.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the highly probable forecast transactions. The Group applies hedge accounting to the foreign currency forward contracts. At inception, these instruments were designated as cash flow hedges. At the moment the forecast transactions materialize, the foreign exchange forward contracts become fair value hedges. As the terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions, there is no hedge ineffectiveness to be recognized in the statement of profit or loss.

For the year ended December 31, 2020, an unrealized loss of € 2.2 million (Australian dollar, Polish zloty, US dollar) has been recognized in other comprehensive income.

As of December 31, 2020, the fair value of the derivative financial asset for the foreign exchange contracts amounted to € 1.0 million (2019: € 0.1 million) and of the derivative financial liability amounted to € 6.9 million (2019: € 2.5 million).

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

	10% weakening of the EUR			10% strengthening of the EUR		
	2020		2019	2020		2019
in € million	Impact on P&L	Impact on Equity		Impact on P&L	Impact on equity	
AUD	(0.2)	(1.5)	(1.4)	0.2	1.2	1.1
GBP	(1.8)	(5.8)	(4.1)	1.5	4.7	3.4
PLN	(2.3)	(5.0)	-	1.9	4.1	-
USD	(2.6)	4.2	2.0	2.1	(3.5)	(1.6)

7.5.4. Interest rate risk

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

Considering that the floating rate borrowings (EURIBOR + margin) are hedged through interest rate swaps, the interest expense recognized in the consolidated income statement is not subject to interest rate volatility and therefore no sensitivity analysis has been prepared.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31, 2020, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been negligible. At December 31, 2019, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively € 0.2 million lower / € 0.3 million higher.

Floating Rate Syndicated Term Loan A of € 600 million due 2022 is carrying an interest of EURIBOR 3 month + margin of 1.50%. Floating Rate Syndicated Term Loan B due 2022 is carrying an interest of EURIBOR 3 month + margin of 1.30%. Floating Rate Term Loan of € 150 million due 2024 is carrying an interest of EURIBOR 3 month + margin of 1.40%. The notional principal amounts of the outstanding fixed payer interest rate swap and cross-currency interest rate swap contracts at December 31, 2020 are € 557.0 million as per below table:

Duration	Fixed interest rate %	Amount in € million
2 Year	0.3890%	85.0
2 Year	0.4950%	50.0
2 Year	0.6250%	75.0
2 Year	0.6290%	75.0
2 Year	0.6220%	75.0
2 Year	2.4100%	33.1
2 Year	2.4700%	4.5
2 Year	2.5950%	9.4
4 Year	0.5950%	150.0
Total		**557.0**

7.5.5. Price risk (commodity)

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

In relation to our fluff exposure, the Group has arrangements with certain of their fluff suppliers that reduce our exposure to volatility in fluff prices. The Group also decided to hedge a portion of the propylene, polypropylene and polyethylene exposure that is not covered by such arrangements for 2020.

Sensitivity of the fair value of derivative financial instruments related to commodities: at December 31, 2020 if there would be a shift of the commodity forward curve by 10% increase/decrease with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively € 2.5 million higher / € 2.5 million lower (2019: impact was € 1.1 million higher / € 0.5 million lower).

7.5.6. Equity price risk

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

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

As a result, the Group recognized treasury shares for an amount of € 38.8 million (represented by 1,445,113 shares) and a related financial liability for an amount of € 31.2 million (see note 7.15). These amounts do not require to be remeasured during the contract time and consequently, all volatility has been eliminated.

7.5.7. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% for 2020 and 2019. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

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

The maximum exposure to credit risk at the reporting date is the carrying amount as presented in the table above in the note 7.5.1.

7.5.8. Liquidity risk

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 7.17 Interest-bearing debts) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyzes the Group's financial liabilities (including interest payments) into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

in € million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2020				
Interest-bearing debts	(24.1)	(964.1)	(160.6)	(0.1)
Lease liabilities	(26.3)	(16.5)	(51.1)	(55.3)
Trade payables	(476.9)	-	-	-
Total non-derivative financial liabilities	**(527.3)**	**(980.6)**	**(211.7)**	**(55.4)**
Interest rate swaps	(3.5)	(2.6)	(1.8)	-
Forward foreign exchange contracts	(268.6)	(17.1)	-	-
Total derivative financial liabilities	**(272.1)**	**(19.7)**	**(1.8)**	**-**
At December 31, 2019				
Interest-bearing debts	(43.9)	(17.5)	(816.1)	(0.1)
Lease liabilities	(30.9)	(25.1)	(52.8)	(59.3)
Trade payables	(465.6)	-	-	-
Total non-derivative financial liabilities	**(540.5)**	**(42.6)**	**(868.9)**	**(59.5)**
Interest rate swaps	(4.9)	(4.9)	(4.6)	-
Forward foreign exchange contracts	(127.2)	-	-	-
Total derivative financial liabilities	**(132.1)**	**(4.9)**	**(4.6)**	**-**

7.6. OPERATING SEGMENTS

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the chief operating decision maker. The Group's activities are in one segment, "Hygienic Disposable Products". There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results and operating plans, and make resource allocation decisions on a company-wide basis. Therefore, the Group operates as one segment. Enterprise-wide disclosures about product sales, geographic areas and revenue from major customers are presented below:

7.6.1. Information by Division

The Company's commercial activities are now organized in three Divisions in order to seize opportunities arising from our geographic expansion with the establishment of new growth platforms in the Americas and sub-Saharan Africa, improve execution and bolster focus on our competitive differentiators:

- Europe, which is predominantly focused on retail brands
- Americas, Middle East, Africa and Asia (AMEAA), which is predominantly focused on local brands
- Healthcare, which continues to focus on the institutional markets and dedicated incontinence brands

	Full Year	
in € million	**2020**	**2019**
Europe	872.2	956.9
AMEAA	774.1	882.9
Healthcare	440.5	441.6
Total revenue	**2,086.8**	**2,281.3**

2019 revenue in AMEAA and Healthcare has been adjusted due to a shift of customer responsibility between these Divisions effective January 1, 2020, which has no impact on total Ontex revenue.

7.6.2. Information by product group

The key product categories are:

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

	Full Year	
in € million	**2020**	**2019**
Babycare	1,162.5	1,345.7
Adult Incontinence	679.5	692.0
Femcare	212.2	212.7
Other	32.6	30.9
Total revenue	**2,086.8**	**2,281.3**

7.6.3. Information by geographic area

The organizational structure of the Group and its system of internal information indicates that the main source of geographical risks results from the location of its customers (destination of its sales) and not the physical location of its assets (origin of its sales). The location of Group's customers is accordingly the geographical segmentation criterion and is defined as below:

- Western Europe
- Eastern Europe
- Americas
- Rest of the World

in € million	Full Year 2020	Full Year 2019
Western Europe	983.0	1,027.5
Eastern Europe	250.7	276.6
Americas	592.9	667.8
ROW	260.2	309.3
Total revenue	**2,086.8**	**2,281.3**

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 3% of Ontex Group NV Revenue. Sales to countries in our top four markets are presented in the table below. The sales in all other individual countries represent less than 10% of the Group's revenue.

in € million	Full Year 2020	Full Year 2019
Mexico	245.7	304.1
United Kingdom	232.4	242.1
Italy	193.2	194.6
France	178.2	188.5
Other countries	1,237.3	1,352.0
Total revenue	**2,086.8**	**2,281.3**

The following table presents an overview of the non-current assets (property, plant and equipment (PP&E), right to use assets and intangible assets) located in the main countries. The non-current assets in all other individual countries represent less than 10% of the Group's total non-current assets (excluding financial instruments, deferred tax assets and goodwill). Goodwill is not included in the below table as this not monitored on a country-basis, but at the divisional level.

in € million	December 31, 2020	December 31, 2019
Mexico	145.7	152.8
Belgium	156.9	156.8
Germany	111.1	105.3
Brazil	74.2	96.0
Other countries	308.3	314.3
Total	**796.2**	**825.1**

7.6.4. Revenue from major customers

The Group does not have a single significant customer. In 2020 the largest customer represents 5.9% (2019: 6.2%) of the revenue. The 10 largest customers represent 33.0% of 2020 revenue (2019: 33.3%).

7.7. LIST OF CONSOLIDATED COMPANIES

Name	Country	Percentage of interest held by the group 2020	2019	Registered office	Company legal number
Can Hygiene SPA	Algeria	100.0%	100.0%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Australia Pty Ltd	Australia	100.0%	100.0%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Manufacturing Pty Ltd (former Ontex Australia Pty Ltd)	Australia	100.0%	100.0%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Eutima BV	Belgium	100.0%	100.0%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontema BV	Belgium	100.0%	100.0%	Genthof 12, 9255 Buggenhout, Belgium	0453.081.852
Ontex BV	Belgium	100.0%	100.0%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Active Industria De Cosméticos S.A.	Brazil	100.0%	100.0%	Rua Contorno Oeste 1/16 Quadra 01, Lote 01/16, Modulo 2 Senador Canedo, Goiania, Brazil	CNPJ 22.010816/0001-39
Falcon Distribuidora Armazenamento E Transporte S.A.	Brazil	100.0%	100.0%	Rua Iza Costa 1.104 Quadra: Area Lote Modulo 2, Fazenda Retio, Goiania, Brazil	CNPJ 23.191.831/0001-93
Chicolastic Chile, S.A.	Chile	100.0%	100.0%	Calle la Concepcion 81, D 603 P 06, Providencia, Santiagà, Region Metropolitan,8320000 Santiago de Chile, Chile	96886530-7
Ontex Hygienic Disposables (Yangzhou) Co.TD	China	100.0%	100.0%	Hangji industrial park, Hanjiang Dictrict, N°1 Zhaizhuang Road, 225111 Yangzhou, China	321000400010102
Ontex Hygienic Disposables (Shanghai) LTD	China	100.0%	0.0%	4F, Building G, No. 69, Hongqiao Green Valley Community, Yuhong Road, Minhang District, Shanghai	91310000MA1GCW6L6Y
Valor Brands Centroamerica, S.A.	Costa Rica	100.0%	100.0%	100 norte del Centro Comercial Tres Rios a mano izquierda-Apartamento Tinoco #02, City Cartago, 10106 San José, Costa Rica	3-101-645685
Ontex CZ Sro	Czech Republic	100.0%	100.0%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Ontex Hygienic Disposables PLC	Ethiopia	100.0%	100.0%	Tracon Tower Building Addis Ababa, Subcity Arada, Werada 02, Kebele 01, House n° : 30/97, Ethiopia	EIA-PC/01/005318/08
Hygiëne Medica SAS	France	100.0%	100.0%	30 Rue Hubble Parc Européen de la Haute Borne, 59262 Sainghin-en-Mélantois, France	401 439 872
Ontex France SAS	France	100.0%	100.0%	586 Boulevard Albert Camus, 69400 Villefranche-sur-Saône	338 081 102
Ontex Santé France SAS	France	100.0%	100.0%	Quai du rivage 62119 Dourges, France	502 601 297
Moltex Baby-Hygiene GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
Ontex Engineering GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRA 21335
Ontex Healthcare Deutschland GmbH	Germany	100.0%	100.0%	Hansaring 6, Lotte 49504, Germany	HRB 9669
Ontex Hygiënartikel Deutschland GmbH	Germany	100.0%	100.0%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Inko Deutschland GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 20630

Name	Country	Percentage of interest held by the group 2020	2019	Registered office	Company legal number
Ontex Care GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Mayen GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699
Ontex Vertrieb Gmbh & Co. KG	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
WS Windel-Shop GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Italia Srl (*)	Italy	0.0%	100.0%	Via Oberdan 140, 25128 Brescia, Italy	BS-347522
Ontex Manufacturing Italy S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	02456370697
Serenity Holdco S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-178769
Serenity Spa	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-99632
Ontex Central Asia LLP	Kazakhstan	100.0%	100.0%	Almaty, Bostandyk district, Al-Farabi Avenue 5, Business Center Nurly Tau, Blok 1A, Suite 502, Kazakstan	600400642455
Comercializadora Interncional de comercio Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	CIPQ210141Z8
Compania Interoceanica de productos Higionicos, S.A de C.V	Mexico	100.0%	100.0%	Retorno 2 Esteban De Antunano no.8, Col. Parque Industrial CD. Textil De Puebla, 74160 Puebla, Mexico	IPH060317DPA
Corporativo de administracion con calidad, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	CAC920612HE9
Grupe P.I Mabe, S.A de C.V	Mexico	100.0%	100.0%	Ibsen N40 4to piso, col. Polanco Delegacion Miguel Hidalgo CP 11560 Mexico	GPI950824N64
Inmobiliaria Kiko S.A de C.V	Mexico	100.0%	100.0%	Calle 27 Norte 7402, Zona Industrial Anexa a la loma, Puebla Mexico CP 72230	IKI811207FG8
P.I Mabe International, S de R.L de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	PIM021028HL6
Productos Internacionales Mabe, S.A de C.V	Mexico	100.0%	100.0%	Calle Norte 12, Ciudad Industrial 105,22505 Tijuana, Mexico	PIM810710R32
Promotora Internacional de comercio Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	PIC001031K61
Servicios Administrativos E. inmobiliaria Gima S.C	Mexico	100.0%	100.0%	Calle 27 Norte 7402, Zona Industrial Anexa a la loma, Puebla Mexico CP 72230	SAI880817KP4
Transportes P.I Mabe, S.A de C.V	Mexico	100.0%	100.0%	Av San Pablo, Xochimehuacan 7213, Colinia La Loma, Puebla Mexico CP 72230	TPM960709QS1
Ontex Hygiene Sarlau	Morocco	100.0%	100.0%	Quartier Al Hank Boulevard De La Corniche, 6ième étage, immeuble Yacht A/B Anfa - Casablanca, Morocco	240709
Ontex Pakistan ltd	Pakistan	100.0%	100.0%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	0076658
Ontex Polska sp. z.o.o.	Poland	100.0%	100.0%	ul. Przedsiebiorcrow 6, 97-500 Radomsko, Poland	0000010044

Name	Country	Percentage of interest held by the group 2020	2019	Registered office	Company legal number
Ontex Romania Srl	Romania	100.0%	100.0%	Bucharest, 46 Grigore Cobalcescu Street, 2nd floor, 1st District	R 7682053
Ontex RU LLC	Russia	100.0%	100.0%	Zemlyanoy Val Street 9, 10564 Moscow, Russia	1055008702649
Ontex ES Holdco SL	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	B85082832
Ontex ID SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	NIFA-60617875
Ontex Peninsular SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	A40103855
Valor Brands Europe, S.L	Spain	100.0%	100.0%	Torviscal 12, 45007 Toledo, Spain	B2837-1540
Ontex Hygienic Spain, S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	M635-328
Ontex Tuketim. Urn. San. ve Tic. AS	Turkey	100.0%	100.0%	Tekstilkent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Ukraine LLC	Ukraine	100.0%	100.0%	Building 7(C), 13 M. Pymonenko Street, 04050 Kyiv, Ukraine,	37728333
Ontex Health Care UK Ltd.	United Kingdom	100.0%	100.0%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
Ontex Retail UK Ltd.	United Kingdom	100.0%	100.0%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex US Holdco, LLC	USA	100.0%	100.0%	1201 North Market Street, 19801 Wilmington, New Castle county, Delaware, United States of America	N/A
Valor Brands, LLC	USA	100.0%	100.0%	960 North Point Parkway, Suite 100, Alpharetta, GA 30005, USA	06-1661367
Ontex Operations USA, LCC	USA	100.0%	-	1900 Barnes Street, Reidsville, NC 27320	85-0811594

(*) Merged in the course of 2020 with Ontex BV

The voting rights equal the percentage of interest held.

The most significant Group subsidiaries are Ontex bv, Ontex Mayen GmbH, Ontex CZ Sro, Ontex Tuketim AS, Serenity Spa, Ontex Manufacturing Italy S.r.l., Productos Internacionales Mabe, Active Industria De Cosméticos S.A. and Falcon Distribuidora Armazenamento E Transporte S.A.

For the financial year ending December 31, 2020 the following companies make use of the exemptions from preparation and/or publishing requirements in accordance with the German regulations of § 264 III and § 264b HGB

- Ontex Vertrieb GmbH, Mayen;
- Ontex Mayen GmbH, Mayen;
- Moltex Baby-Hygiene GmbH, Mayen;
- WS Windel-Shop, Mayen;
- Ontex Healthcare Deutschland GmbH, Lotte;
- Ontex Hygieneartikel Deutschland GmbH, Großpostwitz; and
- Ontex Engineering GmbH & Co. KG, Mayen.

7.8. BUSINESS COMBINATIONS

7.8.1. Acquisitions

On July 1, 2020, Ontex completed the acquisition of the feminine hygiene business of Albaad in Rockingham County, consisting of the production lines and related equipment as well as a license for all corresponding inventory and intellectual property. The production lines produce feminine hygiene pads. Ontex will benefit from an experienced team of new colleagues who join the Ontex Group and operate the acquired equipment. This acquisition strengthens Ontex' growing feminine hygiene business in North America, providing more robust supply capabilities and options for current and prospective customers.

Upon closing, the Group has paid a consideration of USD 8.4 million (i.e. € 7.5 million) in cash.

The net assets acquired amount to € 7.5 million. As a consequence, the Group recognized no goodwill in the statement of financial position. The purchase price allocation is still on-going and hence the determination of the goodwill is provisional and will be completed within 12 months from the acquisition date.

The following table summarizes the fair value of the consideration paid and the amounts of the assets acquired and liabilities assumed at the acquisition date:

in € million	As recognized per December 31, 2020
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	-
Property, plant and equipment	4.5
Right-of-use assets	0.3
Inventories	3.1
Interest-bearing debts	(0.3)
Total identifiable net assets acquired	**7.5**
Allocation to Goodwill	-
Total consideration	**7.5**

The Group incurred acquisition-related costs for an amount of € 0.5 million and presented as part of "Non-recurring income and expenses" (see note 7.24. below).

7.8.2. Reconciliation with cash flow statement

The consolidated cash flow statement presents the following relating to the acquisition of subsidiaries within the investing activities:

	Full year	
in € million	2020	2019
Consideration paid in cash for the acquisition of Ontex Operations (net of cash acquired)	7.5	-
Payment for acquisition of subsidiary, net of cash acquired	**7.5**	**-**

7.9. GOODWILL AND INTANGIBLE ASSETS

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Period ended December 31, 2020						
Opening carrying amount	**1,171.2**	**30.7**	**1.4**	**17.5**	**2.5**	**1,223.2**
Additions	0.0	0.0	0.5	10.9	3.1	**14.5**
Transfers	0.0	0.0	2.4	0.5	0.5	**3.4**
Disposals	(0.0)	0.0	0.0	(0.0)	(0.1)	**(0.2)**
Amortization expense	0.0	(1.6)	(0.5)	(7.7)	(0.0)	**(9.9)**
Impairment losses	0.0	0.0	(0.1)	0.0	0.0	**(0.1)**
Exchange differences	(64.4)	(5.8)	0.0	(0.4)	(0.0)	**(70.6)**
Closing carrying amount	**1,106.7**	**23.2**	**3.7**	**20.8**	**5.8**	**1,160.2**
At December 31, 2020						
Cost or valuation	1,106.7	30.0	4.5	57.5	19.9	**1,218.5**
Accumulated amortization and impairment	0.0	(6.7)	(0.8)	(36.7)	(14.1)	**(58.3)**
Carrying amount	**1,106.7**	**23.2**	**3.7**	**20.8**	**5.8**	**1,160.2**

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Period ended December 31, 2019						
Opening carrying amount	1,165.2	31.6	0.2	18.4	1.6	**1,217.0**
Reclass IFRS 16 to Right-of-use assets (note 11)	-	-	-	(1.7)	-	**(1.7)**
Restated opening carrying amount	**1,165.2**	**31.6**	**0.2**	**16.7**	**1.6**	**1,215.3**
Additions	-	-	0.7	7.4	1.6	**9.8**
Transfers	-	-	0.7	0.4	(0.8)	**0.3**
Amortization expense	-	(1.9)	(0.1)	(7.1)	-	**(9.2)**
Exchange differences	6.0	1.0	-	-	-	**7.0**
Closing carrying amount	**1,171.2**	**30.7**	**1.4**	**17.5**	**2.5**	**1,223.2**
At December 31, 2019						
Cost or valuation	1,171.1	36.9	1.5	46.8	16.5	**1,273.0**
Accumulated amortization and impairment	-	(6.3)	(0.1)	(29.3)	(14.1)	**(49.8)**
Carrying amount	**1,171.2**	**30.7**	**1.4**	**17.5**	**2.5**	**1,223.2**

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

Brands represent the capitalization of some of the brands acquired through the acquisitions of Grupo Mabe and Ontex Brazil.

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

in € million	2020	2019
Cost of sales	0.1	0.1
Distribution expenses	0.1	1.2
Sales and marketing expenses	2.2	1.8
General and administrative expenses	7.6	6.1
Total amortization expense	**9.9**	**9.2**

The Group incurred € 9.9 million of research and development expenses in 2020 (2019: € 8.9 million) that has been recorded under the caption 'General and administrative expenses'.

No intangible assets have been pledged in the context of financial liabilities.

Goodwill

History

At the end of 2010, Ontex was acquired from Candover by Goldman Sachs Capital Partners and TPG Capital, both holding 50% of the shares of the new Ontex top-holding company. At the time of the acquisition, the net assets of Ontex were negative which resulted in the generation of goodwill of € 841.5 million.

In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy. This acquisition resulted tin the recognition of a goodwill of € 18.6 million.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products. This major acquisition resulted in the recognition of a goodwill for € 236.1 million, which was denominated in Mexican peso and US dollars.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil"). This resulted in a goodwill of € 128.3 million, which was denominated in Brazilian real.

Goodwill impairment

The Group identifies the following cash-generating units:

- Europe
- Healthcare
- MEAA (Middle East, Africa and Asia)
- Americas

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.

The judgments and estimates considered in the context of the impairment tests are disclosed in note 7.4.4.

Goodwill allocated to the CGUs as at December 31 was as follows:

in € million	2020	2019
Europe	757.7	757.7
Healthcare	60.4	60.4
MEAA	27.9	38.1
Americas	260.7	315.0
Goodwill allocated to the CGU's	**1,106.7**	**1,171.2**

The change in carrying amount of the goodwill is entirely due to exchange differences.

The recoverable amount of a CGU is determined by means of value-in-use calculations. These calculations are based on pre-tax cash flow projections (prepared in euros) using key parameters from the consolidated financial budget approved by Ontex' Board of Directors and the Group's Strategic Plan through 2023. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 1.0% for Europe, 1.5% for Healthcare, 3.0% for MEAA and 3.6% for Americas. The growth rate does not exceed the current market expectations in which the four CGUs are currently operating.

The key assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates, estimated changes to selling prices, product offerings, direct costs, operating margins and terminal growth rates.

The discount rate is a measure based on industry average weighted cost of capital and risk-free rates weighted for the different regions in which the CGU's are operating.

Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on key parameters from the consolidated financial budget approved by the Board of Directors, the Group's Strategic Plan through 2023, and pre-tax discount rates for each CGU as described in note 7.4.4 Impairment based on current market assessments of the time value of money and the risks specific to the Group.

The development of the financial budget and Strategic Plan relies on a number of assumptions, including:

- The market growth, the evolution of the Group's market share, competitive landscape and innovation trends in the different markets as well as strategic initiatives.
- The product mix.
- The expected evolution of various direct and indirect expenses.
- The estimated future capital expenditure.

The assumptions were derived mainly from:

- Available historic data.
- External market research.
- Internal market expectations based on trend reports, etc.

The key assumptions used are reviewed and updated on a yearly basis by the Group's management. Taking into account the excess of the cash generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2020.

The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note 7.4.4 Impairment.

7.10. PROPERTY, PLANT AND EQUIPMENT

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2020						
Opening carrying amount	**137.0**	**418.3**	**1.8**	**1.3**	**64.2**	**622.7**
Additions	2.0	27.7	0.1	0.1	62.6	**92.4**
Transfers	2.9	40.7	0.1	-	(38.1)	**5.5**
Disposals	(0.1)	(0.5)	(0.0)	(0.1)	(0.1)	**(0.8)**
Depreciation expense	(6.2)	(44.0)	(0.4)	(0.3)	-	**(50.8)**
Impairment losses	(0.9)	(2.1)	-	-	(0.3)	**(3.3)**
Capital grants received	-	(0.2)	-	-	-	**(0.2)**
Exchange differences	(11.5)	(37.1)	(0.2)	(0.1)	(5.1)	**(54.0)**
Acquired through business combination	-	4.5	-	-	-	**4.5**
Closing carrying amount	**123.1**	**407.3**	**1.3**	**1.0**	**83.2**	**615.9**
At December 31, 2020						
Cost	167.6	687.5	3.6	4.0	83.2	945.9
Accumulated depreciation and impairment	(44.5)	(280.2)	(2.3)	(3.0)		(330.0)
Carrying amount	**123.1**	**407.3**	**1.3**	**1.0**	**83.2**	**615.9**

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Year ended December 31, 2019						
Opening carrying amount	**144.3**	**361.9**	**1.7**	**8.2**	**83.8**	**599.9**
Reclass IFRS 16 to Right-of-use assets (note 11)	-	-	-	(6.5)	-	**(6.5)**
Restated opening carrying amount	**144.3**	**361.9**	**1.7**	**1.7**	**83.8**	**593.4**
Additions	2.1	27.9	0.3	0.1	55.4	**85.8**
Transfers	1.5	69.4	0.2	-	(75.3)	**(4.1)**
Disposals	-	(1.1)	(0.1)	-	(0.1)	**(1.3)**
Depreciation expense	(6.1)	(42.8)	(0.4)	(0.3)	-	**(49.7)**
Impairment losses	(2.4)	(3.5)	-	-	(0.1)	**(5.9)**
Exchange differences	1.8	4.9	-	(0.1)	0.5	**7.0**
Transfer to assets held for sale	(4.0)	1.6	-	-	-	**(2.4)**
Closing carrying amount	**137.0**	**418.3**	**1.8**	**1.3**	**64.2**	**622.7**
At December 31, 2019						
Cost	177.5	669.8	3.8	4.2	64.2	**919.6**
Accumulated depreciation and impairment	(40.5)	(251.5)	(2.1)	(2.8)	-	**(296.9)**
Carrying amount	**137.0**	**418.3**	**1.8**	**1.3**	**64.2**	**622.7**

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

Impairment losses are recognized on idle machinery because of the economic downturn in certain of our geographies. The impairment losses in 2019 related mainly to the closure of the manufacturing operation in Aparecida de Goiânia.

The acquisition through business combinations relates to the acquisition of the feminine hygiene business of Albaad in US, consisting of production lines and related equipment (see note 7.8).

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

in € million	2020	2019
Cost of Sales	44.1	43.4
Distribution expenses	2.3	3.0
Sales and marketing expenses	0.9	0.7
General administrative expenses	3.1	2.5
Other operating income	0.3	0.2
Total depreciation expense	**50.8**	**49.8**

No pledges have been set on the items of property, plant and equipment, except for some machinery in the context of local borrowings.

7.11. LEASES

in € million	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2020				
Opening carrying amount	**120.9**	**17.7**	**11.8**	**150.4**
Additions	6.9	0.4	6.6	14.2
Transfers	(0.0)	(8.8)	-	(8.8)
Depreciation expense	(17.1)	(2.9)	(6.0)	(26.1)
Modifications to lease liabilities	9.9	1.2	0.3	11.4
Exchange differences	(11.8)	(1.7)	(0.8)	(14.3)
Acquired through business combination	-	0.3	-	-
Closing carrying amount	**108.8**	**6.2**	**11.9**	**126.8**
At December 31, 2020				
Cost	139.0	11.6	22.0	172.6
Accumulated depreciation and impairment	(30.2)	(5.4)	(10.2)	(45.8)
Carrying amount	**108.8**	**6.2**	**11.8**	**126.8**

in € million	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Other assets	Total
Period ended December 31, 2019					
Opening carrying amount	**-**	**-**	**-**	**-**	**-**
Reclass from intangible assets & PPE	1.7	5.7	-	0.8	**8.2**
Initial recognition IFRS 16	123.6	12.3	12.3	-	**148.3**
Restated Opening carrying amount	**125.3**	**18.0**	**12.3**	**0.8**	**156.5**
Additions	17.0	0.4	5.4	-	**22.9**
Transfers	(0.2)	4.9	-	(0.8)	**4.0**
Depreciation expense	(18.9)	(3.8)	(6.0)	-	**(28.6)**
Impairment	-	(1.0)	-	-	**(1.0)**
Modifications to lease liabilities	(5.3)	(1.2)	(0.1)	-	**(6.6)**
Exchange differences	2.9	0.4	0.1	-	**3.3**
Closing carrying amount	**120.9**	**17.7**	**11.8**	**-**	**150.4**
At December 31, 2019					
Cost	142.7	25.0	17.8	-	**185.4**
Accumulated depreciation and impairment	(21.8)	(7.3)	(5.9)	-	**(35.0)**
Carrying amount	**120.9**	**17.7**	**11.8**	**-**	**150.4**

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

in € million	2020	2019
Cost of Sales	8.5	10.1
Distribution expenses	10.3	11.6
Sales and marketing expenses	2.6	2.3
General administrative expenses	4.7	4.7
Total depreciation expense	**26.1**	**28.6**
Interest expense	5.8	6.9
Expense relating to short-term leases	12.0	10.5
Expense relating to leases of low-value assets	1.5	3.2
Expense relating to variable lease payments	3.0	4.3

The Group leases mainly plants and warehouses (lease terms between 3 and 25 years), machinery (lease terms of 5 years on average) and company cars (lease terms between 4 and 5 years).

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

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. As at December 31, 2020, potential future cash outflows of € 21.4 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (2019: € 21.4 million).

The lease liabilities are detailed in note 7.17.

7.12. INVENTORIES

Inventories can be split as follows:

in € million	December 31, 2020	December 31, 2019
Raw materials	152.3	147.8
Work in progress	1.0	1.0
Finished goods	177.1	181.4
Other	5.6	5.1
Write-down on inventories	(16.9)	(16.6)
Inventories	**319.1**	**318.8**

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under 'Cost of sales' amounted to € 1,477.7 million in 2020 (€ 1,661.3 million in 2019).

7.13. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES

The non-current other receivables include mainly non-current recoverable VAT.

The current trade and other receivables are detailed below:

in € million	December 31, 2020	December 31, 2019
Trade receivables	294.5	331.5
Less: allowance for impairment of trade receivables	(8.2)	(7.3)
Trade receivables - net	**286.3**	**324.2**
Prepayments	6.3	7.7
Other amounts receivable	50.8	41.4
Prepaid expenses and other receivables	**57.0**	**49.1**
Trade and other receivables - Current	**343.4**	**373.3**

Other amounts receivable include recoverable VAT for an amount of € 45.4 million for 2020 (2019: € 34.3 million). The fair value of the current receivables approximates their carrying amounts.

The aging of the trade receivables (net) at December 31 is as follows:

in € million	December 31, 2020	December 31, 2019
Not due	246.3	284.7
0 to 30 days	22.0	20.5
31 to 60 days	6.1	5.7
61 to 90 days	3.8	4.0
Over 90 days	8.1	9.3
Total	**286.3**	**324.2**

The Group doesn't apply systematically external credit rating. An impairment analysis of trade receivables is done based on expected losses, next to individual assessments, but there are no significant impairments.

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

in € million	December 31, 2020	December 31, 2019
EUR	80.2	92.9
BRL	31.1	42.1
PLN	38.7	42.7
MXN	30.6	44.0
USD	28.4	21.0
RUB	10.2	13.1
TRY	12.6	10.6
GBP	21.8	19.7
AUD	8.3	8.2
Other	24.4	29.9
Total	**286.3**	**324.2**

During the year, the payment terms for the receivables have neither deteriorated nor been renegotiated. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security.

Movements on the Group allowance for impairment of trade receivables are as follows:

in € million	December 31, 2020	December 31, 2019
Opening Balance	**7.3**	**6.8**
Allowance for receivable impairment	3.7	1.4
Receivables written off during the year as uncollectible	(1.0)	(0.9)
Unused amounts reversed	(0.9)	(0.1)
Foreign exchange differences	(0.9)	0.1
At December 31	**8.2**	**7.3**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The creation and the release of the allowance for impaired receivables have been included in 'Sales and marketing expense' in the income statement.

The Group has entered into a Group 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 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to us. This factoring agreement is an off-balance sheet arrangement.

Next to the above-mentioned Group factoring agreement, Serenity (Italian subsidiary) entered into a bilateral factoring agreements with Ifitalia and Banca Sistema. Furthermore, also Ontex Russia has entered into a bilateral factoring agreement with Rosbank, Ontex Brazil has entered into a bilateral factoring agreements with Banco Safra and Banco Industrial and Ontex Mexico has entered into a bilateral factoring agreement with HSBC. All these agreements are non-recourse agreements.

As at December 31, 2020, € 143.2 million of financing was obtained through the factoring programs (€ 149.1 million in 2019), this is in addition to € 12.8 million of financing 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 2020 and 2019.

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.

7.14. CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

in € million	December 31, 2020	December 31, 2019
Short-term bank deposits (no longer than 3 months)	176.5	55.8
Cash at bank and on hand	253.6	72.1
Total	**430.1**	**127.8**

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

in € million	December 31, 2020	December 31, 2019
AA	1.1	2.4
A	370.4	91.6
BBB	25.4	3.5
BB	13.2	11.0
B	11.6	11.7
No credit rating	8.4	7.7
Total	**430.1**	**127.8**

7.15. SHARE CAPITAL

The capital of € 1,208.0 million is represented by 82,347,218 (authorized) shares, of which 1,445,113 treasury shares (2019: 1,491,654 treasury shares). As such, the ordinary shares held by third parties amount to 80,902,105 shares (2019: 80,855,564).

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

7.16. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2020 was 80,851,227, which is the weighted average number of shares for 2020 (2019: 80,804,164 shares).

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of Ontex Group NV, no effects of dilution affect the net profit attributable to ordinary equity holders. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

	Full Year	
in € million	**2020**	**2019**
Basic earnings		
Profit from continuing operations attributable to owners of the parent	54.0	37.3
Adjustment dilution	-	-
Profit from continuing operations attributable to owners of the parent, after dilution effect	54.0	37.3
Adjusted Basic Earnings		
Profit from continuing operations attributable to owners of the parent	54.0	37.3
Non-recurring income and expenses	37.9	70.3
Tax correction	(10.2)	(21.2)
Adjusted Basic Earnings	**81.6**	**86.4**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**81.6**	**86.4**

	Full Year	
Number of shares	**2020**	**2019**
Weighted average number of ordinary shares outstanding during the period	80,851,227	80,804,164
Dilution	176,074	133,028

	Full Year	
Earnings per share (€)	**2020**	**2019**
Basic earnings per share	0.67	0.46
Diluted earnings per share	0.67	0.46
Adjusted basic earnings per share	1.01	1.07
Adjusted diluted earnings per share	1.01	1.07

A weighted average number of 1,280,472 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2020 (2019: 831,989 options).

7.17. INTEREST-BEARING DEBTS

in € million	December 31, 2020	December 31, 2019
Non-current		
Borrowings:	800.4	799.2
Syndicated Term Loan A > 1 year	*594.2*	*591.0*
Term Loan > 1 year	*150.0*	*150.0*
Other borrowings	*56.1*	*58.2*
Lease and other liabilities	111.0	120.3
Lease liabilities	*111.0*	*120.3*
Interest-bearing debts non-current	**911.4**	**919.5**
Current		
Borrowings:	341.1	37.7
Senior revolving Facility B	*300.0*	*0.0*
Other borrowings	*8.3*	*5.2*
Interests:		
Other borrowings	*1.6*	*1.2*
Total return swap	*31.2*	*31.2*
Lease and other liabilities	25.2	31.9
Lease liabilities	*21.7*	*24.2*
Other financial liabilities	*3.5*	*7.7*
Interest-bearing debts current	**366.3**	**69.6**
Total interest-bearing debts	**1,277.7**	**989.1**

All borrowings are denominated in € as of December 31, 2020, except for local borrowings in Mexico in MXN (€ 8.7 million equivalent), Pakistan in PKR (€ 5.7 million equivalent) and export financing in Brazil in BRL (€ 2.6 million equivalent) (2019: all in €, except for borrowings in Mexico in MXN (€ 15.3 million equivalent).

On September 26, 2017, the Group entered into a syndicate credit facilities agreement (Syndicated Term Loan A) in an amount of € 600.0 million, and a revolving credit facility (Senior Revolving Facility B) in an amount of up to € 300.0 million. The Syndicated Term Loan A of € 600 million due 2022 is carrying an interest rate of EURIBOR 3 months + margin of 1.50%. The Senior Revolving Facility B due 2022 is carrying an interest rate of EURIBOR 3 months + margin of 1.30%, which was fully used at closing 2020.

Furthermore, the Group has also closed a Term Loan of € 150 million due 2024, carrying an interest rate of EURIBOR 3 months + margin of 1.40%. This agreement also includes an accordion option of € 100 million, carrying an interest rate of EURIBOR 3 months + margin of 1.40%.

As a matter of caution due to the current level of economic uncertainty, the Senior Revolving Facility (maturing in September 2022) of € 300 million has been drawn down to provide financial flexibility if necessary (2019: undrawn).

On July 29, 2015, a full hedging program (total return swap) for the share-based payment arrangements (LTIP) was implemented. For more information we refer to note 7.5.6 and 7.28. This program was renewed in 2020. Total return swap remained stable at an amount of € 31.2 million (2019: € 31.2 million).

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

December 31, 2020 in € million	Opening carrying amount	Cash flows	Non-cash movements Acquisition	Exchange differences	Reclasses	Other	Closing carrying amount
Non-current interest-bearing debts							
Borrowings	799.2	(0.4)	-	(1.6)	-	3.2	800.4
Lease and other liabilities	120.3	(25.6)	14.0	(11.4)	2.1	11.5	111.0
Current interest-bearing debts							
Borrowings	37.7	303.7	-	(0.7)	0.0	0.4	341.1
Lease and other liabilities	31.9	(2.5)	(0.0)	(2.0)	(2.1)	0.0	25.2
Total liabilities from financing activities	**989.1**	**275.1**	**14.0**	**(15.7)**	**-**	**15.1**	**1,277.7**
Presented in the statement of cash flows (financing activities) as follows:							
Proceeds from borrowings		308.3					
Repayment of borrowings		(33.2)					

December 31, 2019 in € million	Opening carrying amount	Restatement opening balance IFRS 16	Cash flows	Non-cash movements Acquisition	Exchange differences	Reclasses	Other	Closing carrying amount
Non-current interest-bearing debts								
Borrowings	786.6	-	41.5	-	(0.9)	(31.2)	3.2	799.2
Financial lease and other liabilities	(0.0)	148.0	(25.5)	22.9	3.1	(23.8)	(4.3)	120.3
Current interest-bearing debts								
Borrowings	90.1	-	(84.0)	-	0.3	31.2	0.0	37.7
Financial lease and other liabilities	13.9	-	(5.7)	(0.0)	0.6	23.8	(0.7)	31.9
Total liabilities from financing activities	**890.6**	**148.0**	**(73.6)**	**22.9**	**3.0**	**-**	**(1.9)**	**989.1**
Presented in the statement of cash flows (financing activities) as follows:								
Proceeds from borrowings			48.8					
Repayment of borrowings			(122.3)					

7.17.1. Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored. At year-end 2020 and 2019, all covenants were met.

No assets have been pledged in the context of the syndicated term loans. However, certain subsidiaries act as guarantors for these loans. For local borrowings, some machinery are pledged.

7.17.2. Other information

- Following lines of credit have been granted to Productos Internacionales Mabe, S.A de C.V:
  - USD 25.0 million from HSBC, of which nothing has been used;
  - USD 6.0 million from Banamex, of which nothing has been used;
  - MXN 120.0 million from Banregio, of which nothing has been used.
- Following lines of credit have been granted to Ontex Tuketim A.S.:
  - USD 5.7 million from Isbank Turkey. Over this line of credit in USD, 0.7 million has been used for letters of guarantees given to customs and local courts.
  - TRY 5.0 million from Akbank Turkey; of which nothing has been used.
  - TRY 3.9 million and USD 0.5 million from Garanti Turkey; of which nothing has been used.
- Following lines of credit have been granted to Serenity SPA, of which € 20.6 million has been used:
  - € 30 million from UniCredit
  - € 50 million from UBI
  - € 15 million from BNL
- Following lines of credit have been granted to Ontex Manufacturing Australia Pty Ltd, of which nothing has been used:
  - USD 1.4 million from Commonwealth Bank Australia.
- Ontex BV has given bank guarantees for an amount of € 10.2 million in favor of the Italian VAT authorities and € 2.0 million in favor of the Italian Custom Agency as at December 31, 2020.
- Active Industria De Cosmeticos S.A has provided bank guarantees for derivatives operations, with Commerzbank (€ 5.5 million) and BNP (€ 11.0 million).

7.18. EMPLOYEE BENEFIT LIABILITIES

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the statement of financial position can be analyzed as follows:

in € million	December 31, 2020	December 31, 2019
Post-employment benefits	23.9	24.2
Long-term benefits	2.8	2.7
Employee benefit liabilities	**26.6**	**26.9**
Short-term employee benefit liabilities	52.5	55.1
Net liability	**79.1**	**82.0**

The calculation of the liability is based on actuarial assumptions that have been determined on the various balance sheet dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits

Ontex makes payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, Ontex operates a defined benefit insurance scheme in Belgium and Ontex also has an obligation to make severance payments to employees upon their retirement in France and Turkey.

Ontex also operates several unfunded pension arrangements in respect of our German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

The Group operates a couple of defined contribution (DC) plans which receive fixed contributions. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions amounts to € 4.9 million (see also note 7.22 below; 2019: € 4.0 million).

In Belgium, the defined contribution (DC) plans are subject to a minimum guaranteed rate of return by law and are hence treated as defined benefit (DB) plans. In practice, this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2020, no liability has been recognized (2019: nil). The accumulated reserves of these plans are equal to the assets. There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk.

Reconciliation of the post-employment employee benefit liabilities

in € million	December 31, 2020	December 31, 2019
RECOGNITION OF THE OBLIGATION		
Defined benefit obligation (DBO) at end of period	(36.3)	(35.1)
Fair value of plan assets at end of period	13.5	11.7
Funded status	**(22.8)**	**(23.4)**
		-
Net (liability)/asset in statement of financial position	**(22.8)**	**(23.4)**
Defined benefit cost		
Current service cost	(2.7)	(2.3)
Past service cost	0.6	0.3
Service cost recognized in Income Statement	**(2.1)**	**(2.0)**
Interest expense on DBO	(0.3)	(0.7)
Interest income on plan assets	0.1	0.2
Net interest cost	**(0.3)**	**(0.5)**
Remeasurement of other long-term benefits	**-**	**-**
Pension expense	**(2.3)**	**(2.4)**

in € million	December 31, 2020	December 31, 2019
RECONCILIATION OF THE OBLIGATION		
Defined benefit obligation (DBO) at beginning of year	**(35.1)**	**(30.0)**
Other significant events (transfers)	(0.4)	-
Current service cost	(2.7)	(2.3)
Past service cost	0.6	0.3
Service cost	**(2.1)**	**(2.0)**
Interest expense on DBO	(0.3)	(0.7)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.2	0.2
Benefit payments from plan	0.1	0.3
Benefit payments from employer	0.5	0.4
Effect of changes in financial assumptions	0.6	(4.3)
Effect of experience adjustments	(0.2)	1.4
Effect of changes in foreign exchange rates	0.4	(0.3)
Defined benefit obligation (DBO) at end of year	**(36.3)**	**(35.1)**

in € million	December 31, 2020	December 31, 2019
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE		
Fair value of plan assets at beginning of year	**11.7**	**11.3**
Interest income	0.1	0.2
Employer contribution	1.9	1.7
Plan participants' contributions	0.1	0.1
Other significant events (transfers)	0.4	0.0
Benefit payments from plan	(0.1)	(0.3)
Benefit payments from employer	(0.5)	(0.4)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.2)	(0.2)
Return on plan assets (excluding interest income)	0.3	(0.7)
Fair value of plan assets at end of period	**13.5**	**11.7**

in € million	December 31, 2020	December 31, 2019
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION		
Net (liability)/asset at beginning of year	**(23.4)**	**(18.7)**
Defined benefit cost included in the income statement	(2.1)	(2.0)
Net interest expense	(0.3)	(0.5)
Total remeasurements included in OCI	0.6	(3.7)
Employer contributions	1.9	1.7
Effect of changes in foreign exchange rates	0.4	(0.3)
Net (liability)/asset at end of year	**(22.8)**	**(23.4)**
Unfunded versus Funded		
Part of DBO from plans that are wholly unfunded	(22.8)	(23.4)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2021 are € 2.5 million.

Significant actuarial assumptions

As at December 31, 2020	COUNTRY						
	Belgium	France	Germany	Italy	Turkey	Mexico	Pakistan
Discount rate	0.70%	0.65%	0.00% / 0.40% / 0.30%	0.30%	15.00%	6.89%	10.25%
Expected Interest Income	0.70%	0.65%	0.00% / 0.40% / 0.30%	0.30%	15.00%	6.89%	10.25%
Salary increase rate (on top of inflation)	3.25%	2.50%	0.00% / N/A / N/A	N/A	9.00%	4.54%	10.25%
Rate of inflation	1.75%	1.75%	1.75% / 0.00% / 1.75%	1.00%	9.00%	4.00%	10.25%
Mortality table	MR FR with age correction minus 3 years	INSEE 2013/2015 par sexe	Heubeck 2018 G	IPS55	C.S.O. 1980	EMSSA09	State Life Insurance Corporation (SLIC) 2001-2005
Turnover table/rates	None	Table 1	N/A	5% flat	company specific	Based on company experience	N/A
Disability table/rates	N/A	N/A	Heubeck 2018 G	N/A	N/A	N/A	N/A
Weighted average durations	18.7	13.6	9.5	11.1	7.7	14.2	53.7

* plan durations < 11: 1.35%; plan durations between 11 and 12: 1.5%; plan durations between 12 and 13: 1.55%; plan durations > 13: 1.65%

As at December 31, 2019	COUNTRY					
	Belgium	France	Germany	Italy	Turkey	Mexico
Discount rate	0.55%	0.65%	0.35% / 0.80% / 0.45%	0.85%	12.60%	7.16%
Expected Interest Income	0.55%	0.65%	0.35% / 0.80% / 0.45%	0.85%	12.60%	7.16%
Salary increase rate (on top of inflation)	3.25%	2.50%	0.00% / N/A / N/A	N/A	8.00%	4.54%
Rate of inflation	1.75%	1.75%	1.75% / 1.75% / 1.75%	1.75%	8.00%	4.00%
Mortality table	MR FR with age correction minus 3 years	INSEE 2013/2015 par sexe	Heubeck 2018 G	IPS55	C.S.O. 1980	EMSSA09
Turnover table/rates	None	Table 1	N/A	5% flat	company specific	Based on company experience
Disability table/rates	N/A	N/A	Heubeck 2018 G	N/A	N/A	N/A
Weighted average durations	14.1	13.0	10.9	4.6	12.4	11.0

* plan durations < 11: 1.35%; plan durations between 11 and 12: 1.5%; plan durations between 12 and 13: 1.55%; plan durations > 13: 1.65%

There are no unusual entity-specific or plan-specific risks to which the plan exposes the entity, neither are there any significant concentrations of risk.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

	As at December 31, 2020						
in € million	**Belgium**	**Germany**	**France**	**Turkey**	**Italy**	**Mexico**	**Pakistan**
Discount rate - 0,25bp	(22.3)	(10.8)	(2.4)	(1.3)	(2.0)	(1.3)	(0.5)
Discount rate + 0.25bp	20.4	10.3	2.3	1.2	1.9	1.2	0.4
Salary increase - 0.25bp	(21.1)	(10.6)	(2.3)	(1.2)	(1.9)	(1.2)	(0.4)
Salary increase + 0.25bp	21.6	10.6	2.4	1.3	1.9	1.2	0.5

	As at December 31, 2019					
in € million	**Belgium**	**Germany**	**France**	**Turkey**	**Italy**	**Mexico**
Discount rate - 0,25bp	(20.1)	(11.3)	(2.9)	(1.6)	(1.9)	(1.4)
Discount rate + 0.25bp	18.4	10.8	2.7	1.5	1.8	1.3
Salary increase - 0.25bp	(19.0)	(11.0)	(2.8)	(1.5)	(1.9)	(1.3)
Salary increase + 0.25bp	19.4	11.0	2.9	1.6	1.9	1.3

Post-Employment Benefits by Country

	As at December 31, 2020						
in € million	**Belgium**	**Germany**	**France**	**Turkey**	**Italy**	**Mexico**	**Pakistan**
RECOGNITION OF THE OBLIGATION							
Defined benefit obligation (DBO) at end of period	(20.3)	(9.3)	(2.4)	(0.8)	(1.9)	(1.2)	(0.4)
Fair value of plan assets at end of period	13.1	-	-	-	-	-	0.4
Funded status	(7.2)	(9.3)	(2.4)	(0.8)	(1.9)	(1.2)	(0.0)
Net (liability)/asset in statement of financial position	**(7.2)**	**(9.3)**	**(2.4)**	**(0.8)**	**(1.9)**	**(1.2)**	**(0.0)**

	As at December 31, 2019					
in € million	**Belgium**	**Germany**	**France**	**Turkey**	**Italy**	**Mexico**
RECOGNITION OF THE OBLIGATION						
Defined benefit obligation (DBO) at end of period	(18.3)	(9.8)	(2.8)	(1.1)	(1.9)	(1.2)
Fair value of plan assets at end of period	11.7	-	-	-	-	-
Funded status	(6.6)	(9.8)	(2.8)	(1.1)	(1.9)	(1.2)
Net (liability)/asset in statement of financial position	**(6.6)**	**(9.8)**	**(2.8)**	**(1.1)**	**(1.9)**	**(1.2)**

7.19. DEFERRED TAXES AND CURRENT TAXES

Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

	December 31, 2020		December 31, 2019	
in € million	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets		(3.4)	-	(4.3)
Property, plant and equipment		(50.1)	-	(47.0)
Leases	31.8	(26.2)	30.7	(33.6)
Inventories	3.4		0.9	-
Financial instruments		(3.7)	-	(17.5)
Employee benefits	7.2		6.6	-
Accrued expenses and other payables	6.5		21.5	-
Others	2.9		2.1	-
Tax losses	140.4		150.0	-
Tax credit	10.7		9.3	-
Deferred tax assets & liabilities - Gross	**202.9**	**(83.4)**	**221.0**	**(102.3)**
Net deferred tax assets not recognized	(123.8)		(124.1)	-
Offsetting	(54.2)	54.3	(67.7)	67.7
Deferred tax assets & liabilities - Net	**24.9**	**(29.2)**	**29.3**	**(34.7)**

Deferred tax assets are recognized on temporary differences, tax attributes carried forward and tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The tax losses carried forward mainly relate to France, Belgium, Brazil, Spain and the US. In Belgium, France and US, deferred tax assets have been recognized on tax losses carried forward considering the expected taxable profits in the foreseeable future.

The Group did not recognize deferred tax assets of € 123.8 million (2019: € 124.1 million) on the tax losses carried forward. Tax losses can in principle be carried forward indefinitely.

The Group did not recognize deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends within the Group.

Current taxes

in € million	December 31, 2020	December 31, 2019
Current tax assets	18.8	15.8
Current tax liabilities	(31.8)	(39.4)

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include an amount of € 17.8 million actual corporate taxes payable (2019: € 33.3 million) and € 14.0 million of provision for uncertain taxes (2019: € 6.1 million).

7.20. CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

in € million	December 31, 2020	December 31, 2019
Accrued expenses and other payables	40.9	39.0
Current accrued expenses and other payables	**40.9**	**39.0**
Trade payables	476.9	465.6
Employee benefit liabilities	52.5	55.1
Total current liabilities	**570.4**	**559.8**
Other non-current financial liabilities	-	**-**

7.21. PROVISIONS

in € million	Legal claims	Restructuring	Other	Total
Opening Balance	**7.2**	**15.8**	**1.4**	**24.4**
Additional provisions	1.2	8.7	0.9	10.8
Unused amounts reversed	(0.4)	(4.2)	0.0	(4.5)
Used during the year	(0.4)	(10.4)	(0.7)	(11.6)
Exchange differences	(0.4)	(0.2)	(0.0)	(0.5)
As at December 31, 2020	**7.3**	**9.7**	**1.5**	**18.5**
Of which non-current	*-*	*-*	*-*	*-*
Of which current	*7.3*	*9.7*	*1.5*	*18.5*

The restructuring provision recognized in 2020 relates to the current on-going strategic review of the geographical footprint, launched at year-end 2020. The provision mainly includes termination benefits. The additional provisions have been recognized in 'Non-recurring income and expenses', under the heading 'Restructuring'.

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision it has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, Ontex was fined € 5.2 million. Ontex initiated an appeal against the decision and this appeal is pending. As per December 31, 2016, a provision amounting to € 5.2 million has been accounted for. The provision has not been adjusted per December 31, 2020.

7.22. EMPLOYEE BENEFIT EXPENSES

	Full Year	
in € million	**2020**	**2019**
Wages and salaries	(257.5)	(258.9)
Social security costs	(61.6)	(62.0)
Defined benefit plans - Service cost	(2.1)	(2.0)
Defined contribution costs	(4.9)	(4.0)
Other employee benefit expenses	(60.5)	(55.0)
Total employee benefit expenses	**(386.6)**	**(382.0)**

In Full-Time Equivalents	2020	2019
Average number of total employees	**9,927**	**9,610**
Of which:		
- workers	5,953	5,996
- employees	3,896	3,520
- management	79	94

7.23. OTHER OPERATING INCOME/(EXPENSES), NET

	Full Year	
in € million	**2020**	**2019**
Gain on sale of assets	0.8	0.6
Foreign exchange differences on operating activities	(5.6)	3.0
Losses on sale of assets	(0.7)	(0.6)
Other income/(expenses)	(3.0)	(3.4)
Total other operating income/(expense), net	**(8.5)**	**(0.5)**

7.24. NON-RECURRING INCOME AND EXPENSES

in € million	Full Year 2020	Full Year 2019
Restructuring	(19.9)	(57.5)
Acquisition-related expenses	(5.5)	(1.2)
Income and expenses related to changes to Group structure	**(25.4)**	**(58.8)**
Impairment of assets	(3.5)	(7.6)
Litigation and legal claims	(8.5)	(3.9)
Other	(0.4)	-
Income and expenses related to impairments and major litigations	**(12.4)**	**(11.5)**
Total non-recurring income and expenses	**(37.9)**	**(70.3)**

Items classified under the heading non-recurring income and expenses are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

These items are presented as follows in the consolidated income statement as follows:

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

7.24.1. Income and expenses related to changes to Group structure

Restructuring

In 2020, the cost relates to the restructuring expenses in the context of the redistribution/re-allocation of production capabilities and the strategic review of the geographical footprint of the Group. As such, the Company decided to downsize some production capacity which has been announced to the relevant stakeholders and resulted in the recognition of a restructuring provision at year-end 2020 (€ 5.0 million).

The Group announced in the fourth quarter of 2020 an in-depth review of the Group's overhead cost structure. The costs incurred in 2020 mainly relate to the start of this review (€ 12.7 million).

On March 7, 2019, Ontex informed its employees at the Yangzhou (China) plant of its intention to cease production by mid-2019. This plant primarily manufactures feminine care products for the Western European market, and this production will be re-allocated to other Ontex plants. The costs recognized in 2019, € 1.5 million relates mainly to the restructuring expenses.

The expenses recognized in 2019 related to the Group reorganization and comprehensive transformation plan, Transform2Grow (T2G), announced in May 2019 which aimed to step-change the operational efficiency and commercial practices. The costs recognized in 2019 relate to in-depth assessments of the different processes and the start of the implementation of different projects to increase the operational efficiency. Total expenses related to the execution of the projects amounted to € 0.5 million in 2020 and € 54.7 million in 2019.

Acquisition-related items

Acquisition-related items include the expenses incurred in the context of the acquisition of the feminine hygiene business of Albaad in Rockingham County (see note 7.8.1; 2020: € 0.5 million).

Also, in the context of a strategic review of our operations, the Group reviewed external opportunities on the market to accelerate its progress in its operational development. The costs incurred relate to due diligence expenses (2020: € 5.0 million).

7.24.2. Income and expenses related to impairments and major litigations

Impairment of assets

The impairment loss is a non-cash item and relates in 2020 to impairment losses recognized on idle machinery.

In 2019, this relates mainly to the impairment of assets as a result of the transfer of the manufacturing operation in Aparecida de Goiânia in Brazil to its manufacturing site in Senador Canedo.

Litigation and claims

The Company incurred specific legal fees in the context of certain on-going or potential litigation matters which are expected to result in a potential benefit for the Company or in the avoidance of potential future expenses.

7.25. EXPENSES BY NATURE

Expenses by nature represent an alternative disclosure for amounts included in the Consolidated Income Statement. There are classified under 'Cost of sales', 'Distribution expenses', 'Sales and marketing expenses', 'General administrative expenses' and 'Other operating income / expense (net)' in respect of the years ended December 31:

in € million	Note	Full Year 2020	Full Year 2019
Changes in inventories		0.1	3.7
Raw materials and consumables purchased		(1,145.0)	(1,344.6)
Employee benefit expenses	22	(386.6)	(382.0)
Depreciation and amortization	9, 10, 11	(86.8)	(87.6)
Rendered services		(294.7)	(294.8)
Lease expenses	11	(16.5)	(18.0)
Other income / (expenses)	23	(8.5)	(0.5)
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income / (expense)		**(1,938.0)**	**(2,123.8)**

7.26. NET FINANCE COST

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

in € million	Full Year 2020	Full Year 2019
Interest income on current assets	1.8	2.6
Finance income	**1.8**	**2.6**
Interest expense on group borrowings	(17.9)	(15.4)
Amortization of borrowing expenses	(3.2)	(3.2)
Interest expense on other borrowings and other liabilities	(12.5)	(16.4)
Interest expense	***(33.7)***	***(35.0)***
Banking cost	(2.3)	(2.0)
Factor fee	(0.9)	(1.0)
Losses on derivatives and deports forward contracts	(0.9)	(1.2)
Other	(0.2)	(0.1)
Finance cost	**(38.0)**	**(39.3)**
Finance income as per income statement	1.8	2.6
Finance expense as per income statement	(38.0)	(39.3)
Net exchange differences relating to financing activities	0.5	(1.0)
Net finance cost as per income statement	**(35.7)**	**(37.7)**

The interest expense on other loans includes also the interest expense on lease liabilities as disclosed in note 7.11.

Reconciliation to the statement of cash flows:

in € million	Full Year 2020	Full Year 2019
Total interest expense	(30.2)	(31.9)
Movement in accrued interest and accreting interest	0.4	0.6
Interest paid	**(29.8)**	**(31.3)**
Total interest income	1.8	2.6
Interest received	**1.8**	**2.6**

7.27. INCOME TAX EXPENSE

The income tax (charged)/credited to the income statement during the year is as follows:

	Full Year	
in € million	**2020**	**2019**
Current tax (expense) / income	(23.1)	(28.9)
Deferred tax (expense) / income	1.9	16.7
Total income tax expense	**(21.3)**	**(12.2)**

The income tax expense can be reconciled as follows:

	Full Year	
in € million	**2020**	**2019**
Profit before income tax	**75.2**	**49.5**
Income tax expense calculated at domestic tax rates	(17.5)	(9.6)
Disallowed expenses	(6.3)	(4.6)
Tax-exempt income	3.0	1.7
Use of previously unrecognized tax losses	-	0.2
Write-off of previously recognized deferred tax assets on losses	(4.2)	-
Current year tax losses not recognized as deferred tax asset	(7.3)	(12.1)
Recognition of previously unrecognized deferred tax assets on losses	1.1	4.0
Effect of tax credits recognized as deferred tax assets	2.1	5.8
Adjustments in respect of prior year	9.2	4.6
Difference in statutory tax rates	(0.1)	(1.4)
Other	(1.3)	(0.9)
Total income tax expense	**(21.3)**	**(12.2)**

7.28. SHARE-BASED PAYMENTS

Since September 2014 the Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options') and restricted stock units (further 'RSU's'). In 2019 the long-term incentive plan changed in a combination of RSU's, Options and Performance Stock Units (further 'PSU's'), each representing one third of the total long-term incentive grant value. The Options, RSU's and PSU's are accounted for as equity-settled share-based payments. The Options, RSU's and PSU's can only vest and Options giving the right to receive shares of the Company (further 'Shares') or any other rights to acquire Shares can only be exercisable as from three years after the grant. The RSU's, PSU's and Options will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions, except for PSU's. For the vesting of the PSU's, the Board has set targets for the next 3-year performance period in terms of specific targets (both finance and non-finance KPI's). The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

The exercise price of the Options will be equal to the last closing rating of the Share immediately preceding the option grant date. For the Options, the exercise period will start on the vesting date.

The Shares underlying the RSU's and PSU's will be granted for free as soon as practicable after the vesting date of the RSU's and the PSU's.

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

On or about September 26, 2014, a total of 242,642 stock options and 49,040 RSU's were granted, 104,001 options and 49,040 RSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between September 2017 and September 2022.

On or about June 26, 2015, a total of 159,413 stock options and 38,294 RSU's were granted, 48,586 options and 38,294 RSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between June 2018 and June 2023.

On or about June 15, 2016, a total of 322,294 stock options and 75,227 RSU's were granted, 80,919 options and 75,227 RSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between June 2019 and June 2024.

On or about May 10, 2017 a total of 299,914 stock options and 69,023 RSU's were granted, 56,493 options and 69,023 RSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between June 2020 and June 2025.

On or about June 15, 2018, a total of 471,064 stock options and 93,576 RSU's were granted, 96,419 options and 19,162 RSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between June 2021 and June 2026.

On or about June 13, 2019, a total of 393,403 stock options, 124,420 RSU's and 124,420 PSU's were granted. 104,587 options, 33,258 RSU's and 32,884 PSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between June 2022 and June 2027.

During the period, the Group granted a new LTIP plan consisting of 374,622 stock options, 119,244 RSU's and 119,244 PSU's. 109,731 options, 36,958 RSU's and 36,958 PSU's have forfeited, expired or have been exercised as of December 31, 2020. The stock options and RSU's are exercisable between June 2023 and June 2028.

The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program (total return swap) for the share-based payment arrangements starting July 1, 2015 and renewed on an annual basis.

The following share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Fair value (€)	# stock options/ RSU's/PSU's December 31, 2020	# stock options/ RSU's/PSU's December 31, 2019
LTIP 2014					
Options	2022	17.87	3.57	138,641	168,398
RSU's	2017	N/A	15.97	-	-
LTIP 2015					
Options	2023	26.60	6.39	110,827	139,667
RSU's	2018	N/A	24.45	-	-
LTIP 2016					
Options	2024	28.44	6.64	241,375	272,558
RSU's	2019	N/A	26.48	-	-
LTIP 2017					
Options	2025	33.11	7.62	243,421	261,741
RSU's	2020	N/A	30.45	-	60,238
LTIP 2018					
Options	2026	23.56	4.68	374,645	430,143
RSU's	2021	N/A	21.35	74,414	85,448
LTIP 2019					
Options	2027	14.0	3.99	288,816	391,857
RSU's	2022	N/A	12.05	91,162	123,979
PSU's	2022	N/A	12.05	91,536	123,979
LTIP 2020					
Options	2028	13.9	3.13	264,891	-
RSU's	2023	N/A	11.86	82,286	-
PSU's	2023	N/A	11.86	82,286	-
Total outstanding stock options				**1,662,616**	**1,664,364**
Total outstanding RSU's				**247,862**	**269,665**
Total outstanding PSU's				**173,822**	**123,979**

The following reconciles the options and RSU's outstanding at the beginning and end of the year:

	Average exercise price per stock option (€)[1]	Stock options	RSU's	PSU's
As at January 1, 2019	**26.12**	**1,281,426**	**210,184**	**-**
Granted	14.00	393,403	124,420	124,420
Forfeited	25.90	(5,865)	(64,939)	(441)
Exercised[2]	17.87	(4,600)	-	-
As at December 31, 2019	**25.54**	**1,664,364**	**269,665**	**123,979**
Granted	13.90	374,622	119,244	119,244
Forfeited	18.78	(376,370)	(85,025)	(69,401)
Exercised[2]	-	-	(56,022)	-
As at December 31, 2020	**29.76**	**1,662,616**	**247,862**	**173,822**
of which vested and exercisable		*734,264*		

[1] The average exercise price mentioned in the table above relates only to the stock options, as the RSU's and PSU's do not have an exercise price.

[2] The weighted average share price of options exercised during the year ended December 31, 2020 was € 14.22 (2019: € 16.48).

The fair value of the stock options has been determined based on the Black and Scholes model. The expected volatility used in the model is based on the historical volatility of the Company.

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

	LTIP 2014	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020
Exercise Price (€)	17.87	26.60	28.44	33.11	23.56	14.00	13.90
Expected volatility of the shares (%)	23.58%	26.32%	26.56%	27.12%	25.63%	37.98%	31.90%
Expected dividends yield (%)	2.94%	2.14%	1.98%	2.31%	2.70%	3.82%	4.00%
Risk free interest rate (%)	1.13%	1.02%	0.37%	0.60%	0.69%	0.10%	-0.18%

The fair value of the RSU's and PSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above.

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

7.29. CONTINGENCIES

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

COFECE, the Mexican antitrust authority, is conducting an investigation in our industry. To the best of the Group's knowledge, the facts under investigation relate to periods prior to its acquisition of Grupo PI Mabe, S.A. de C.V. ("Mabe"). Ontex and Mabe have been proactively and fully cooperating with COFECE in the investigation and intend to continue to do so. Based on the facts and circumstances known to it and in light of the contractual terms of the Mabe acquisition, the Group does not expect the investigation to result in a net financial cost to it.

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

7.30. COMMITMENTS

7.30.1. Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2020 of € 13.6 million (2019: € 17.0 million).

7.30.2. Bank guarantees

As indicated in note 7.17 'Interest-bearing debts', no assets are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of € 20.7 million in order to participate in public tenders as at December 31, 2020 (2019: € 26.7 million).

7.31. RELATED PARTY TRANSACTIONS

As part of our business, Ontex has entered into several transactions with related parties.

7.31.1. Consolidated companies

A list of subsidiaries is given in note 7.7 'List of consolidated companies'.

7.31.2. Relations with the shareholders

There are no transactions with shareholders per December 31, 2020 (nor in 2019).

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

	Full Year	
in € million	**2020**	**2019**
Remuneration	1.4	0.8

7.31.4. Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management for the Group are all the members of Management Committee.

7.31.5. Key management compensation

Remuneration of the CEO	Full Year	
in € million	**2020**	**2019**
Fixed and variable remuneration	6.8	2.6

Remuneration of the Executive Team (excluding the CEO)	Full Year	
in € million	**2020**	**2019**
Fixed remuneration	5.6	4.5
Variable remuneration	1.6	3.9
Other remuneration	0.6	0.7
Total	**7.8**	**9.1**

The other remuneration relates mainly to post-employment benefit plans.

The Company implemented Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options, restricted stock units and performance stock units (see note 7.28).

The number of stock options, restricted stock units and performance stock units granted to the CEO and the Executive Management Team is summarized below:

For the year ended December 31, 2020	Number of RSU's	Number of PSU's	Number of Stock Options
LTIP 2014			
CEO	7,868	-	38,930
Executive Team (excluding CEO)	21,163	-	104,720
LTIP 2015			
CEO	6,884	-	28,661
Executive Team (excluding CEO)	15,786	-	65,718
LTIP 2016			
CEO	14,522	-	62,220
Executive Team (excluding CEO)	37,496	-	160,650
LTIP 2017			
CEO	10,368	-	45,052
Executive Team (excluding CEO)	36,982	-	160,699
LTIP 2018			
CEO	14,921	-	75,114
Executive Team (excluding CEO)	47,478	-	239,016
LTIP 2019			
CEO	18,414	18,414	64,610
Executive Team (excluding CEO)	53,376	53,376	171,928
LTIP 2020			
CEO	19,891	19,891	88,333
Executive Team (excluding CEO)	56,265	56,265	249,870

7.32. EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events occurred after the end of the reporting date which would affect the information mentioned in these consolidated financial statements.

7.33. AUDIT FEES

	Full Year	
in € thousands	**2020**	**2019**
Audit Fees	1,092.8	1,130.7
Additional Services rendered by the auditor's mandate:		
Audit related fees	89.3	90.2
Tax advisory & compliance services	110.6	131.0
Other Services	0.3	9.0
Total	**1,293.0**	**1,360.9**

SUMMARY STATUTORY FINANCIAL STATEMENTS

STATUTORY BALANCE SHEET AFTER APPROPRIATION

in € million	2020	2019
ASSETS	**3,718.5**	**3,172.8**
FIXED ASSETS	**3,275.0**	**3,015.7**
Formation expenses	0.4	1.0
Intangible assets	17.1	16.1
Tangible assets	1.6	1.6
Financial fixed assets	3,255.9	2,997.0
Participating interests	1,908.0	1,908.0
Amounts receivable	1,347.8	1,088.9
Other financial fixed assets	0.1	0.1
CURRENT ASSETS	**443.5**	**157.1**
Amounts receivable within one year	82.7	87.8
Treasury shares and other investments	145.8	28.0
Cash at bank and in hand	211.9	39.2
Deferred charges and accrued income	3.1	2.2
EQUITY AND LIABILITIES	**3,718.5**	**3,172.8**
EQUITY	**1,923.8**	**1,937.5**
Capital	823.6	823.6
Share premium	412.7	412.7
Reserves	273.4	285.6
Accumulated profits/(losses)	414.0	415.6
PROVISIONS AND DEFERRED TAXES	**4.9**	**10.4**
AMOUNTS PAYABLE	**1,789.8**	**1,224.9**
Amounts payable after more than one year	1,044.2	808.2
Financial debt	1,044.2	808.2
Amounts payable within one year	743.0	415.8
Financial debt	446.5	158.0
Trade debts	12.6	5.4
Taxes, remunerations and social security	3.2	5.1
Other amounts payable	280.7	247.3
Accruals and deferred income	2.6	0.9

STATUTORY INCOME STATEMENT

in € million	2020	2019
Operating income	41.5	22.0
Operating charges	(49.2)	(83.0)
Operating loss	**(7.7)**	**(61.0)**
Financial result	(5.9)	3.7
Profit/(loss) for the period before taxes	**(13.6)**	**(57.3)**
Income taxes	(0.1)	0.7
Profit/(loss) for the period	**(13.7)**	**(56.5)**

EXTRACT FROM ONTEX GROUP NV SEPARATE (NON-CONSOLIDATED) FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH BELGIAN GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Ontex Group NV and is included as required by article 3:17 of the Belgian Company Code. The separate financial statements, together with the annual report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Ontex Group NV, Korte Keppestraat 21, 9320 Aalst (Erembodegem).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ontex Group NV prepared in accordance with Belgian GAAP for the year ended December 31, 2020 (full financial year) give a true and fair view of the financial position and results of Ontex Group NV in accordance with the legal and regulatory dispositions applicable in Belgium.

SUSTAINABILITY STATEMENTS

MATERIALITY APPROACH

THE DEVELOPMENT OF OUR NEW SUSTAINABILITY STRATEGY WAS BASED UPON A MATERIALITY ASSESSMENT. THIS APPROACH IDENTIFIES CRITICAL ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES WHICH MAY SIGNIFICANTLY IMPACT ONTEX'S PERFORMANCE AND/OR INFLUENCE STAKEHOLDERS' DECISIONS.

Our strategic priorities were selected by taking a materiality approach. Material topics are considered as the most critical economic, environmental and social issues which may significantly impact Ontex's performance and/or influence stakeholder's decisions.

Our last materiality assessment was conducted in 2018. We planned to conduct a new materiality assessment in 2020 but chose to postpone the assessment to 2021 as a result of the Covid-outbreak, which required refocusing & could lead to biased outcomes.

In the meantime, in 2020 we conducted a benchmark of materiality assessments of our key customers, competitors & suppliers. We assessed the ESG indices of investors and trend reports on sustainability. This will form the base of our materiality assessment in 2021.

MATERIALITY PROCESS

We used a four-step process for the materiality assessment:

1 IDENTIFICATION OF RELEVANT TOPICS

- Benchmark with materiality assessments carried out by our competitors, customers and suppliers.
- Assess answers provided by investors on specific sustainability questions.
- Incorporate relevant SDGs for Ontex.

2 PRIORITIZATION OF TOPICS

- Four main stakeholder groups

  CUSTOMERS, EMPLOYEES, SUPPLIERS and NGOs

  provided input on a number of relevant topics via an online questionnaire.
- This input was used to develop the [current] materiality matrix.

3 VALIDATION OF TOPICS

- An initial list of 38 sustainability topics were discussed together with stakeholders. Out of this list, 19 topics were retained for the materiality matrix.
- Out of these 19 topics, we prioritized 13 relevant to Ontex. These have been clustered under four headings as follows:

HEALTH & WELL-BEING
- Occupational health & safety
- Training & education
- Diversity & equality
- Community engagement

HUMAN RIGHTS
- Business ethics in our own operations
- A better life at our suppliers

SUSTAINABLE GROWTH
- Customer health & safety
- End-of-life impact of our products
- Eco-innovations
- Product labelling

RESPONSIBLE PRODUCTION
- Sustainable operations (energy, emissions, logistics)
- Responsible sourcing (materials)

- Key Performance Indicators (KPI) have been developed for each topic to ensure consistency when reporting performance. The Ontex leadership team validated the topics.

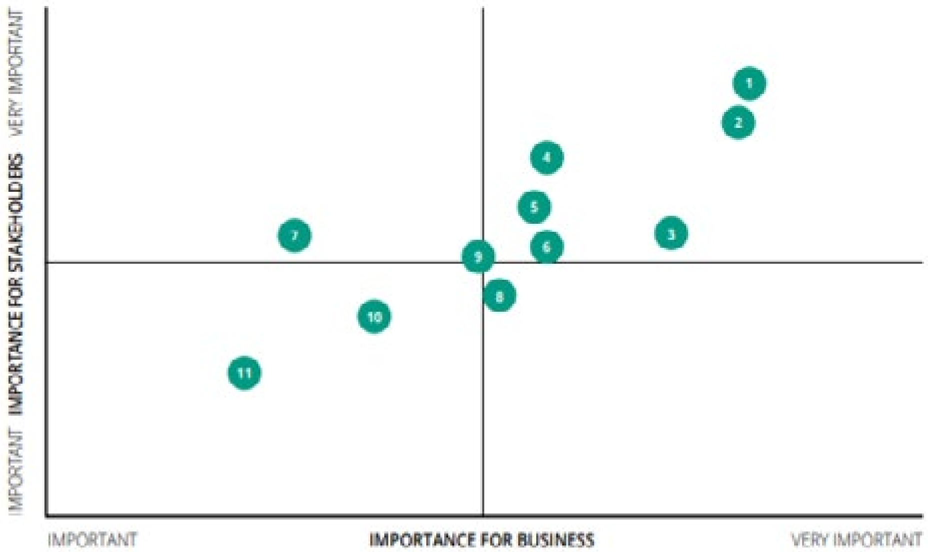
4 REVIEW AND FOLLOW-UP

EXTERNAL
progress is reported on a yearly base.

INTERNAL
the Sustainability Steering Committee follows up on the KPIs every quarter.

The topics identified were placed on a matrix (see below), their position relative to the degree of stakeholder interest and potential business impact.

MATERIALITY MATRIX



AREAS OF FOCUS AND WHY THEY MATTER

MATERIAL ASPECTS	DEFINITION AND CONTENT
1 Respecting human rights in our value chain	Responsibility for impacts across a range of internationally recognized human rights. Main topics: supply chain management, social audits at our sites.
2 Ensuring a safe workplace for our employees	Provide safe and healthy working conditions. Main topics: zero tolerance on injuries.
3 Ensuring good waste management in our production	Good quality waste sorting and reduction of waste-to-landfill. Main topics: reducing production waste, zero waste to landfill.
4 Embedding business ethics in how we conduct our business	Do business fairly, legally and ethically. Main topics: GDPR, competition, anti-bribery & corruption, code of ethics.
5 Investing in sustainable raw materials	Source suitable raw materials. Main topics: less raw materials, responsible forestry, sustainable alternatives.
6 Offering sustainable products	Develop products that create sustainable value for our customers or society. Main topics: eco design, end-of-life waste, safe products, product labeling.
7 Striving for an open dialogue with our stakeholders	Open communication and sharing of views, thoughts and concerns. Main topics: stakeholder engagement.
8 Promoting talent development at all levels of the organization	Help people grow on a personal level and reach agreed professional and personal goals. Main topics: training, leadership, personal development.
9 Valuing diversity and equal opportunities	To provide opportunities irrespective of nationality, gender and age. Main topics: gender balance, no discrimination.
10 Addressing climate change	Endeavors to address global warming. Main topics: energy management, renewable energy & reducing emissions.
11 Supporting local communities	Support of local communities that are impacted by the company's business: donations, volunteering, partnerships.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations' sustainable development goals (SDGs) have our full support. They inspire our work and act as a guide as we set ambitions and engage with our partners. They provide a clear compass for business growth and development. They helped pilot us through the development of our new strategy and are embedded in our sustainable priorities.

As a company, we focus on the SDGs where we can have the biggest positive impact. This approach builds on our core principles of sustainability, safety and integrity, including respect for human rights.

3 GOOD HEALTH AND WELL-BEING

Our healthcare products enhance consumer's everyday life. In our own operations, we are committed to creating a safe and healthy workplace.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our focus is on circular solutions. Part of this is eliminating waste from production and optimizing waste treatment methods. Our commitment to eco or health labels will enhance transparency.

15 LIFE ON LAND

Our focus is on energy efficiency, renewable energy and supporting climate resilience so that our operations can become carbon neutral by 2030.

13 CLIMATE ACTION

We will only source certified or controlled fluff, and use organic cotton in our products.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We strive to ensure good working conditions and fair jobs for all our employees and people in our supply chain.

17 PARTNERSHIPS FOR THE GOALS

We will continue to engage with local communities via partnerships, through volunteering, donations and other similar activities.

SUSTAINABILITY PERFORMANCE 2020

NON-FINANCIAL DATA

The table below provides an overview of Ontex's sustainability performance in 2020 and tracks progress since 2018.

ENVIRONMENTAL DATA					
GENERAL					
	UNIT	2018	2019	2020	COMMENT
Production site scope					
Total number of manufacturing sites in scope	Number of sites	19	18	18*	* 1 The Reidvill factory is excluded from the non-financial data
Production					
Production volumes	Million pieces	24028	21947	21602	
ISO 14001 certification					Scope: All EU plants, Ontex Russia, Ontex Algeria, Ontex Tijuana, Ontex Puebla, Ontex Istanbul
Percentage of ISO 14001 certified sites	%	77	85	86	
ISO 50001 certification					
Percentage of ISO 50001 certified sites	%	62	62	51	
ISO 45001 certification					
Percentage of ISO 45001 certified sites	%	15	23	21	
Radar chart audit					
Percentage of sites that went through a radar chart audit	%	-	39		Internal audit to check plant's compliance with applicable regulations and company policies on quality, environment, safety, social accountability & ecolabels. Due to Covid-19 the majority of planned Radar Chart audits were postponed.

CLIMATE

	UNIT	2018	2019	2020	COMMENT
CO_2 EMISSIONS SCOPE 1,2 & 3					
Scope 1 & 2 emissions market-based					Scope 1 and 2 carbon emissions are calculated using the Greenhouse Gas Protocol definition. Note that the transport of goods via owned trucks is currently not included in the scope of carbon reporting.
Scope 1	Tons CO_2-equivalent	11756	9770	10815	
Scope 2	Tons CO_2-equivalent	55395	50855	46461	
Total scope 1 & 2	Tons CO_2-equivalent	67152	60626	57276	
Scope 1 & 2 emissions location-based					
Scope 1	Tons CO_2-equivalent	11756	9770	10815	
Scope 2	Tons CO_2-equivalent	135001	128694	128786	
Total scope 1 & 2	Tons CO_2-equivalent	146757	138465	139601	
Absolute reduction of scope 1 & 2 emissions market-based since 2018	%	0	10	15	
Carbon intensity ratio of scope 1 & 2 emissions	gCO_2/€ product sold	29,3	26,6	27,5	
Greenhouse gas emissions in scope 3					Scope 3 carbon emissions are calculated using the Greenhouse Gas Protocol definition. Included in the scope 3: Raw material, production waste, travels, outbound transportation and end-of-life of products. Note that the scope 3 results originate from a preliminary screening.
Purchased goods & services	Tons CO_2-equivalen	-	-	982972	
Fuel- and energy-related activities	Tons CO_2-equivalent	-	-	10810	
Waste generated in operations	Tons CO_2-equivalent	-	-	21537	
Business travel	Tons CO_2-equivalent	-	-	432	
Downstream transportation & distribution	Tons CO_2-equivalent	-	-	111690	
End of life treatment of sold products	Tons CO_2-equivalent	-	-	510008	
Total	**Tons CO_2-equivalent**	**-**	**-**	**1537449**	
ENERGY EFFICIENCY & RENEWABLES					
Energy consumption within the organisation					
Electricity consumption	MWh	432309	382937	383251	
Car fuels (diesel/gasoline)	MWh	11101	10226	10741	
Fuel oil	MWh	6086	3608	3872	
LPG	MWh	2685	1722	1456	
Natural gas	MWh	28233	25029	23969	
Wood pellets	MWh	3542	2737	2467	
Total energy consumption	MWh	483956	426260	425756	
Electricity intensity ratio	kwh/1000 finished goods	14,89	15,66	16,03	

Renewable energy					
Percentage of renewable electricity	%	64	70	75	Quantity of renewable electricity compared with the total amount of electricity purchased.
Percentage of total renewable energy	%	64	65	70	Quantity of renewable energy compared with total amount of energy consumed.
On-site production renewable electricity					
Production plants with on-site renewable electricity generation	Number of sites	0	1	2	Type of on-site production: solar
Amount of green electricity generated on-site	MWh	-	628	2267	Electricity generated via the solar panels in Ontex Eeklo & Segovia

MATERIALS

	UNIT	2018	2019	2020	COMMENT
Material use					
Baby diapers	%	-6	-8	-11	Reduction of materials (kg) compared with base year 2014.
Baby pants	%	0	0	-5	
External feminine care	%	6	2	4	
Light adult care	%	-2	-1	-2	
Heavy adult care	%	-10	-13	-13	
Total	%	-2	-1	-2	
Renewable raw materials					
Share of renewable raw materials in our products	%	49	49	48	
Share of renewable raw materials in our packaging	%	82	81	80	
Biobased raw materials					
Share of biobased raw materials in our products	%	49	49	48	
Share of biobased raw materials in our packaging	%	82	81	80	
Deforestation					
Share of recycled paper and board for packaging	%	-	92	92	
Share of fluff coming certified sources (FSC®/ PEFC™)	%	55	73	81	
Share of fluff coming from controlled sources	%	45	23	19	
Share of cotton from organic sources	%	100	100	96	In 2020, in addition to cotton fibers used in tampons we started to also measure cotton in cotton-based and enhanced non-wovens.

Product safety					
Share of eco-/health labels on our products	% turnover	31	34	41*	* Updated methodology, now also Including certified organic cotton tampons

CIRCULAR SOLUTIONS	Unit	2018	2019	2020	
	UNIT	2018	2019	2020	COMMENT
REUSABLE, RECYCLABLE, COMPOSABLE					
Percentage of total packaging that is reusable, recyclable or compostable	%	100	100	100	
Share of recycled raw materials in our products	%	0	0	0	
Share of recycled raw materials in our packaging	%	-	0	0	

PRODUCTION WASTE					
Non-hazardous					This data excludes waste information from our Ethiopian plant. In 2020, data consolidation has been enhanced (additional flows have been taken into account and a finer granulometry has been achieved). *New indicator, definitions are aligned with GRI 306: Waste 2020
Preparation for reuse*	ton	-	-	985	
Sent to recycling	ton	35230	31142	31724	
Other recovery operations*	ton	-	-	0	
Sent to incineration for energy generation/recovery	ton	2148	2201	3442	
Sent to incineration without energy generation/recovery	ton	304	237	0	
Sent to landfill/storage	ton	5924	4357	3202	
Other disposal operations*	ton	-	-	0	
Hazardous					
Preparation for reuse*	ton	-	-	0	
Sent to recycling	ton	27	25	325	
Other recovery operations*	ton	-	-	2	
Sent to incineration for energy generation/recovery	ton	167	136	155	
Sent to incineration without energy generation/recovery	ton	36	14	12	
Sent to landfill/storage	ton	29	5	469	
Other disposal operations*	ton	-	-	20	
Total production waste	ton	43865	38118	40336	

Recycling index	%	86	88	91	The recycling index expresses the quantity of waste sent to recycling & energy recuperation compared with the total production waste.
Waste diverted from disposal	ton	-	-	33036	New indicator
Waste directed to disposal	ton	-	-	7300	New indicator
Waste treatment					New indicator
Onsite	%	-	-	3	
Offsite	%	-	-	97	
Waste composition					New indicator
Metals (iron, aluminium)	%	-	-	1	
Paper/cardboard	%	-	-	19	
Plastics packaging (film)	%	-	-	17	
Product scrap (fluff, SAP...)	%	-	-	35	
Solvent	%	-	-	<1	
Textiles	%	-	-	4	
Used oil	%	-	-	<1	
WEEE	%	-	-	<1	
Wood (pallets)	%	-	-	7	
Other	%	-	-	16	Examples: residual waste, batteries, ashes, etc.
WATER					
Water consumption					
Ground water	m^3	51125	79887	62050	
Surface water	m^3	10891	10171	5747	
Urban water	m^3	114457	114140	119759	
Rain water	m^3	205	574	1073	
Deep well	m^3	23613	0	0	
Total water consumption	m^3	200291	204771	188629	
Water intensity ratio	m^3/1000 finished goods	-	0,01	0,01	

SOCIAL DATA

HUMAN RESOURCES

	UNIT	2018	2019	2020	COMMENT
WORKFORCE					
Total employees					All Workforce data are expressed in FTEs on 31/12/2020. The data mentioned in this table can vary from the data mentioned in the statutory report due to different calculation methodologies.
Total number of employees	Number of employees	10750	9627	9807	
Employee by category					
Blue collar	Number of employees	6944	6087	6399	
White collar	Number of employees	3706	3540	3329	
Management	Number	100	95	79	
Employees by geographical zones					
Number of different nationalities	Number	50	56	74	
Employees by gender					
Percentage of men in total employees	%	70	72	69	
Percentage of women in total employees	%	30	28	31	
Employees by age					
<30 years	%	26	23	23	
30-50 years	%	61	61	61	
>50 years	%	13	16	16	
Employees by contract type					
Limited duration	%	24	6	8	
Unlimited duration	%	76	94	92	
Inclusive diversity					
Percentage of female management	%	27	24	25	
Percentage of persons with disabilities	%	-	1	2	
Hires & dismissals					
Total number of hires	Number of hires	-	1606	1902	
Total number of dismissals	Number of dismissals	-	1315	1668	
Turnover rate	%	-	14	17	

Absenteeism					
Absenteeism rate	%	-	3	4	Expressed as the total of unplanned hours of absence of active employees to the total of available hours during 2020.
SOCIAL DIALOGUE					
Social dialogue					
Percentage of employees covered by collective bargaining agreements	%	76	66	62	
Percentage of employees that are represented by a health & safety committee	%	94	41	87	
HEALTH & SAFETY					
Occupational accidents					
Frequency rate	Ratio	9,16	5,86	5.45	Number of labor accidents per million worked hours.
Severity rate	Ratio	0,14	0,11	0.12	Number of total lost days compared with the total number of hours scheduled to be worked by the employees. Days mean scheduled work days. The counting of lost days starts the day after the accident.
Fatal accidents	Number	0	0	0	
TALENT DEVELOPMENT					
Percentage of employees trained	%		98	80	Employees having participated in at least one training course.
Total number of training hours	Number	101993	192484	202272	As not all training is currently registered, the figures shown are an underestimation. We are optimizing the process of registering training.
Average number of training hours per employee	Number	9	20	21	
HUMAN RIGHTS					
Number of BSCI audits conducted at our sites	Number	12	7	7	

SUPPLIER DATA

	UNIT	2018	2019	2020	COMMENT
Supplier Code of Conduct signed	%	95	64	62	All Group raw material & packaging suppliers, excluding outsourcing & traded goods, non-SAP plants. In 2019 a new Supplier Code of Conduct was distributed, explaining the difference between 2018 & 2019.
Human rights risk mapping					
Percentage of new suppliers that were screened using social criteria	%	-	100	100	All Group raw material & packaging suppliers, excluding outsourcing & traded goods, non-SAP plants.
Suppliers located in risk countries	%	-	26	15	All Group raw material & packaging suppliers, excluding outsourcing & traded goods, non-SAP plants.
Percentage of risk suppliers covered by a valid social audit report	%	-	-	43	New indicator. All Group raw material & packaging suppliers, excluding outsourcing & traded goods, non-SAP plants.

MEMBERSHIPS OR PARTICIPATIONS

Sustainable supply chain	FSC®
	PEFC
	OCS
	GOTS
	BSCI
Circular business	OVAM - Flemish government
Sustainability	The Shift
Consumer health & safety	EDANA, Group Hygiène, Ahpma & BAHP

GRI INDEX

GRI STANDARD	Disclosure	Page number(s) and/or URL(s)
GENERAL DISCLOSURES		
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016	**Organizational profile**	
	102-1 Name of the organization	Cover
	102-2 Activities, brands, products, and services	p. 3
	102-3 Location of headquarters	p. 180
	102-4 Location of operations	p. 3-4
	102-5 Ownership and legal form	p. 102
	102-6 Markets served	p. 4, 20
	102-7 Scale of the organization	p. 3
	102-8 Information on employees and other workers	p. 172-173
	102-9 Supply chain	p. 49-50
	102-10 Significant changes to the organization and its supply chain	p. 180
	102-11 Precautionary Principle or approach	p. 40
	102-12 External initiatives	p. 15, 40, p. 180
	102-13 Membership of associations	p. 174
	Strategy	
	102-14 Statement from senior decision-maker	p. 6, 8
	102-15 Key impacts, risks and opportunities	p. 76
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	p. 34
	102-17 Mechanisms for advice and concerns about ethics	p. 39
	Governance	
	102-18 Governance structure	p. 40, 52-72
	Stakeholder engagement	
	102-40 List of stakeholder groups	p. 17
	102-41 Collective bargaining agreements	p. 173
	102-42 Identifying and selecting stakeholders	p. 17
	102-43 Approach to stakeholder engagement	p. 17, 164
	102-44 Key topics and concerns raised	p. 17, 164-165
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	p. 131-133
	102-46 Defining report content and topic Boundaries	p. 167-174, 180
	102-47 List of material topics	p. 15, 165
	102-48 Restatements of information	-
	102-49 Changes in reporting	p. 180
	102-50 Reporting period	p. 180
	102-51 Date of most recent report	p. 180
	102-52 Reporting cycle	p. 180
	102-53 Contact point for questions regarding the report	p. 180
	102-54 Claims of reporting in accordance with the GRI Standards	p. 180
	102-55 GRI content index	p. 175-177
	102-56 External assurance	-

MATERIAL TOPICS		
GRI 200 Economic standard series		
Direct economic impacts		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 151
GRI 201: Economic performance	201-1 - Direct economic value generated and distributed	p. 96-160
	201-2 - Financial implications and other risks and opportunities due to climate change	p. 73-76

Anti-corruption		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 37-39
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	p. 37-39
Anti-competitive Behavior		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 37-39
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 37-39
GRI 300 Environmental Standards Series		
Materials		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 44-45
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 151
	301-2 Recycled input materials used	p. 169
	301-3 Reclaimed products and their packaging materials	-
Energy		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 41-42
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 168-169
	302-2 Energy consumption outside of the organization	-
	302-3 Energy intensity	p. 168-169
	302-4 Reduction of energy consumption	p. 168-169
	302-5 Reductions in energy requirements of products and services	p. 168-169
Emissions		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 41-42
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 168-169
	305-2 Energy indirect (Scope 2) GHG emissions	p. 168-169
	305-3 Other indirect (Scope 3) GHG emissions	p. 168-169
	305-4 GHG emissions intensity	p. 168-169
	305-5 Reduction of GHG emissions	p. 168-169
	305-6 Emissions of ozone-depleting substances (ODS)	-
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-
Waste		
GRI 306: Management Approach 2020	306-1 Waste generation and significant waste-related impacts	p. 44-45
	306-2 Management of significant waste-related impacts	
GRI 306: Waste 2020	306-3 Waste generated	p. 170-171
	306-4 Waste diverted from disposal	p. 170-171
	306-5 Waste directed to disposal	p. 170-171
GRI 400 Social Standards Series		
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 46
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	p. 173
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 173
	403-3 Workers with high incidence of high risk of diseases related to their occupation	-
	403-4 Health and safety topics covered in formal agreements with trade unions	-
Training and Education		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 35
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 154
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 173
	404-3 Percentage of employees receiving regular performance and career development reviews	-

Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 6, 8, 64
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 172
Human rights		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 46-47, 49-50
GRI 407: Freedom of association & collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 46-47, 49-50
GRI 408: Child labour	408-1 Operations and suppliers at significant risk for incidents of child labour	p. 46-47, 49-50
GRI 409: Forced or compulsory labour	409-1: Operations and suppliers at significant risk for indicidents of forced or compulsory labor	p. 46-47, 49-50
GRI 411: Rights of Indigenous people	411-1: Incidents of violations involving rights of indigenous people	-
GRI 412: Human Rights Assessment	412-1: Operations that have been subject to human rights reviews or impact assessments	p. 173-174
	412-2: Employee training on human rights policies or procedures	-
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 49-50
Local Communities		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 47
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	p. 47
	413-2 Operations with significant actual and potential negative impact on local communities	-
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 49-50
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 49-50, 174
	414-2 Negative social impacts in the supply chain and actions taken	p. 49-50, 174
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p.47-48
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p.47-48
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1 - 3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	p. 47
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	p. 47
	417-2 Incidents of non-compliance concerning product and service information and labeling	-
	417-3 Incidents of non-compliane concerning marketing communications	-

INVESTOR RELATIONS AND FINANCIAL COMMUNICATIONS

OUR AIM IS TO PROVIDE RELIABLE, CONSISTENT INFORMATION ON A TIMELY BASIS ABOUT THE STRATEGY, GOALS AND PROGRESS OF ONTEX TO ALL FINANCIAL MARKET PARTICIPANTS. SINCE OUR IPO IN JUNE 2014, WE ARE CONTINUOUSLY BUILDING OUR INVESTOR RELATIONS PROGRAM.

1. SHAREHOLDER STRUCTURE

The shareholder structure of the Company on December 31, 2020[1] was, based on the transparency declarations received by the Company, as follows:

Shareholders	Shares	%[2]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	December 3, 2018
ENA Investment Capital	12,411,999	15.07%	April 29, 2020
The Pamajugo Irrevocable Trust	2,722,221	3.64%	February 29, 2016
Zadig Asset Management SA	2,651,884	3.22%	May 13, 2020
CIAM	2,614,990	3.18%	June 18, 2019

2. SHARE PERFORMANCE

Our share is listed on Euronext Brussels. Performance of the Ontex share compared with market indices and hygienic disposable manufacturers:

3. FINANCIAL CALENDAR 2021

Financial Calendar 2021	Date
Quarter 1 2021	April 28, 2021
Annual General Meeting of Shareholders	May 25, 2021
Half Year 2021	July 29, 2021
Quarter 3 2021	October 28, 2021

[1] Updates subsequent to December 31, 2020 are described on our website (https://ontex.com/investors/leadership/).

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

GLOSSARY

	Description
Adjusted Profit (or Adjusted Basic Earnings)	Adjusted Profit (or Adjusted Basic Earnings) is defined as profit for the period plus non-recurring income and expenses and tax effect on non-recurring income and expenses, attributable to the owners of the parent.
Adjusted Basic Earnings per share	Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses
Adjusted EBITDA margin	Adjusted EBITDA margin is adjusted EBITDA divided by revenue.
Free Cash Flow	Free cash flow is defined as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal.
EBITDA	EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations.
Like-for-like (LFL) revenue	Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A.
LTM adjusted EBITDA	LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses for the last twelve months (LTM).
Net Financial Debt	Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents.
Net financial debt/LTM adjusted EBITDA ratio (leverage)	Net financial debt divided by LTM Adjusted EBITDA.
Non-recurring income and expenses	Income and expenses classified under the heading “non-recurring income and expenses” are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. Non-recurring income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalized performance of the Company. Non-recurring income and expenses 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. Non-recurring income and expenses of the Group for the years ended December 31 are composed of the following items presented in the consolidated income statement: - income/(expenses) related to changes to Group structure; and - income/(expenses) related to impairments and major litigations.
Working Capital	The components of our working capital are inventories plus trade, pre-paid expenses and other receivables plus trade payables, accrued expenses and other payables.

ABOUT THIS REPORT

EACH YEAR ONTEX PUBLISHES AN INTEGRATED REPORT COVERING THE ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES THAT MATTER MOST TO US AND OUR STAKEHOLDERS.

This report contains financial and non-financial information for the period January 1, 2020 to December 31, 2020, unless otherwise specified. It encompasses our operations in 12 countries as well as our headquarters in Aalst, Belgium, which together employ ~10,000 people. Some manufacturing sites and offices do not report all social or environmental data, and in these cases the type of data they report may differ from site to site. See the notes in Sustainability Performance 2020 chapter (page 167).

We have used the Global Reporting Initiative (GRI) Standards (Core option) with reference to the Sustainable Development Goals (SDGs) to guide us in preparing this report. GRI is the international standard for sustainability reporting. The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets.

Disclaimer: This report may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, Ontex's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future.

This report represents the directors' report prepared in accordance with article 3.32 §1 of the Belgian Company Code. In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the report. This report has been prepared in English and translated into Dutch. In the case of discrepancies between the two versions, the Dutch version will prevail.

The Ontex leadership team has validated this report.

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