REGULATED INFORMATION

Ontex Q2/H1 2021 results:
Q2 revenue back to growth after weak Q1; H1 down
Q2 & H1 operating margin lower due to strong raw material and FX headwinds
Structural cost reductions underway
Group funding of €1.1 billion secured; maturities extended up to 2026

Aalst-Erembodegem, July 29, 2021 – Ontex Group NV (Euronext Brussels: ONTEX) today announced its results for the six months ending June 30, 2021.

Q2 2021

- **Revenue of €501 million marked a return to year-on-year growth: +4.5% at reported currencies and +6.2% LFL; sales up in all 3 categories and 2 of 3 Divisions, and driven by strong performances in strategic priorities: Adult Care, Baby Pants, and US market. Q2 was also a sequential improvement of +4.4% versus Q1**
- **Adjusted EBITDA: €51 million, -14.2% vs PY; strong generation of structural operational efficiencies and reduced overhead cost partially offset the impact of increased raw material prices**
- **Adjusted EBITDA margin of 10.3%, -224 bps year-on-year, in line with Q1**
- **Currency headwinds: -€11 million on sales and -€2 million on Adjusted EBITDA**

H1 2021

- **Revenue: €981 million, -6.9% at reported currencies and -3.2% LFL**
- **Adjusted EBITDA: €101 million, -19.8%. Adjusted EBITDA margin of 10.3% (-166 bps)**
- **€27 million structural cost improvements in operations and overhead fixed cost reductions**
- **Currency headwinds of -€44 million on sales and -€13 million on Adjusted EBITDA**
- **Net profit: €7 million (H1 2020: €41 million) includes €23 million of non-recurring expenses, most of which relate to cost-out programs, as well as €7 million one-time refinancing expenses**
- **H1 Free Cash Flow: €22 million (H1 2020: €29 million)**
- **Net debt: €843 million at June 30, 2021, essentially stable compared to December 31, 2020**
- **Group funding of €1.1 billion secured: refinanced through a €580 million bond and €470 million syndicated bank facilities, extending maturities up to 2026, diversifying sources of funding, and enhancing the Group's liquidity profile**

Esther Berrozpe, Ontex CEO, commented: "*We are not satisfied with the H1 financial results. In the context of unprecedented raw material cost increases, these results clearly demonstrate the need for urgent and significant strengthening of Ontex's business. In the first six months, our immediate focus has been to stabilize revenue, improve operating performance, drive significant cost reductions and strict management of cash. Q2 2021 results already show the first signs of progress, however they only partly offset the increase in raw material prices, which will continue to be a major challenge in 2021. The appointment of the new management team allows us to accelerate the process of change. We have also refinanced the Group's funding with strong support from debt markets, so that we are now able to fully focus on driving the company turnaround.*"

2021 Outlook

In a context of ongoing raw material price increases, Ontex expects for FY 2021:

- Stable LFL revenue
- Adjusted EBITDA margin of c. 10%
- Strict cash control with capital expenditure held below 4% of revenue

Key Financials for H1 2021 and Q2 2021

in € million, except per share data and margins	First Half 2021	First Half 2020	First Half Variance	Second Quarter 2021	Second Quarter 2020	Second Quarter Variance
Reported Revenue	**980.6**	**1,053.4**	**-6.9%**	**500.9**	**479.2**	**4.5%**
LFL Revenue	**1,019.3**	**1,053.4**	**-3.2%**	**509.1**	**479.2**	**6.2%**
Adjusted EBITDA	101.0	125.9	-19.8%	51.4	59.9	-14.2%
Adjusted EBITDA Margin	*10.3%*	*12.0%*	*-166 bps*	*10.3%*	*12.5%*	*-224 bps*
Adj. profit/(loss) for the period	**24.2**	**49.2**	**-50.7%**			
Adjusted EPS	**0.30**	**0.61**	**-50.6%**			
Profit/(Loss) for the period	**7.2**	**41.1**	**-82.5%**			
Basic EPS	0.09	0.51	-82.4%			
Free Cash Flow	22.1	28.7	-22.9%			
Net Debt	842.9	853.4	-1.2%			
Net Debt / LTM Adj. EBITDA	4.00x	3.28x	0.72x			

Notes which apply to this document
Unless otherwise indicated, all comments in this document on changes in revenue are on a like-for-like basis (at constant currencies). Definitions of Alternative Performance Measures (APMs) in this document can be found in note 6.18 of the Condensed consolidated interim financial statements. Due to rounding, numbers presented throughout this press release may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Full refinancing of Group debt completed

As announced on June 29, 2021, the Group completed the refinancing of €1.05 billion, comprised of €580 million of 3.50% senior notes and a new syndicated facilities agreement including a term loan facility of €220 million and a new revolving credit facility of €250 million. Pro forma for the impact of the new funding we estimate that for the twelve months ended March 31, 2021, the Group's cash interest expense would have increased by approximately €10 million.

Q2 2021 Highlights

Revenue was €501 million in Q2 2021, an increase of 6.2% LFL versus the prior year and also up 4% sequentially versus Q1 2021. The areas identified in June as key to delivering sustained revenue improvement were visible in Q2: starting to reverse the sales trend of retailer brands in Europe, outperforming in North America, growing our current emerging markets business, and accelerating in Adult Care. On a reported basis, sales were up 4.5%, despite currency headwinds, particularly from the Brazilian Real, Turkish Lira, Russian Ruble and US Dollar versus the euro, which amounted to €11 million.

Q2 2021 Adjusted EBITDA was down -14.2% compared with prior year at €51 million. The lower result was due to higher raw material prices, as well as €2 million currency headwinds. These impacts were partly mitigated by the strong reduction of net operating expenses and SG&A related to ongoing productivity and overhead savings programs. Adjusted EBITDA margin of 10.3% was down -224 bps versus a solid comparable prior year, however the Q2 margin was in line with Q1 2021 despite the material increase in raw material prices.

Net debt was €843 million at June 30, 2021, similar to the positions at December 31, 2020 and March 31, 2021. Leverage was 4.00x at June 30, 2021.

Operational Review: Categories

Categories	First Half				Second Quarter			
in € million	2021	2020	% ∆ as reported	% ∆ at LFL	2021	2020	% ∆ as reported	% ∆ at LFL
Ontex Reported Revenue	**980.6**	**1,053.4**	**-6.9%**	**-3.2%**	**500.9**	**479.2**	**4.5%**	**6.2%**
Baby Care	524.7	589.7	-11.0%	-6.2%	270.6	261.3	3.5%	6.0%
Adult Care	336.2	338.4	-0.6%	3.4%	166.4	161.3	3.1%	5.7%
Feminine Care	100.6	111.0	-9.3%	-13.4%	53.3	49.0	8.8%	3.6%
Other	19.1	14.4	32.6%	40.5%	10.6	7.5	40.1%	43.3%

Baby Care sales were up 6.0% in Q2 2021, and also increased sequentially versus Q1 2021. Revenue growth was recorded in both Baby diapers, driven by strong performances across most of the AMEAA markets, and a double-digit increase in Baby pants with both AMEAA and Europe up in the quarter. For H1 2021 Baby Care sales were down -6.2%.

Q2 2021 **Adult Care** revenue increased 5.7%, confirming our focus to capture the faster growth available in this category. Sales in retail channels were up 22%, driven by double-digit growth in both Europe and AMEAA where Brazil, Mexico and Turkey were all ahead of prior year. In institutional channels, revenue decreased due to reduced occupancy rates in care homes, which showed first signs of improvement at the end of the second quarter. Sales of Adult Pants rose double-digits in the Q2 with strong growth in all three Divisions. Adult Care sales were up 3.4% in H1 2021.

Revenue in the **Feminine Care** category increased 3.6% in Q2 2021. Sales were lower in Europe, where the majority of our sales are, whereas AMEAA was up on a year ago. Feminine Care revenue was down -13.4% in H1 2021 compared to growth of 5.3% in the same period prior year. Reported H1 2021 sales include a contribution from the feminine care acquisition in the US in July 2020, which recently retained an important contract with a leading retailer.

Operational Review: Divisions

Divisions	First Half				Second Quarter			
in € million	2021	2020	% ∆ as reported	% ∆ at LFL	2021	2020	% ∆ as reported	% ∆ at LFL
Ontex Reported Revenue	**980.6**	**1,053.4**	**-6.9%**	**-3.2%**	**500.9**	**479.2**	**4.5%**	**6.2%**
Europe	386.9	442.0	-12.5%	-11.0%	195.2	191.9	1.7%	2.6%
AMEAA	379.1	393.6	-3.7%	4.5%	200.2	180.1	11.2%	14.9%
Healthcare	214.6	217.9	-1.5%	-1.5%	105.5	107.2	-1.6%	-1.9%

Europe

Revenue in Europe was up 2.6% in Q2 2021. The sales growth was driven by higher volumes, led by Russia where we gained new contracts. We also saw accelerated growth in Adult Care as a result of our improved portfolio and strong positions. As previously reported, the net negative balance of contract gains and losses reduced significantly following a strong impact in Q1, while softer demand continued in retail channels as consumers have shifted to purchase more online since the onset of the pandemic in March 2020. While personal hygiene market demand is expected to continue being impacted by COVID-19 measures and shopping behaviors, we anticipate our business to continue to stabilize as we return to gaining new business based on currently known customer decisions. H1 2021 revenue in Europe was down -11.0%, concentrated in Q1 2021 and mainly the Baby Care category.

Americas, Middle East, Africa and Asia (AMEAA)

The AMEAA Division posted strong sales growth of 14.9% in Q2 2021. Revenue in the Americas rose double digits, driven by double digit growth in both Brazil and the USA. Brazil delivered an 11th consecutive quarter of LFL sales growth, benefiting from strong growth in Baby pants. We continued to ramp up our US business and gained further contracts with retail customers. Revenue in Mexico was also ahead despite the market contraction, and our leading portfolio of Baby and Adult Care brands has gained market share in 2021. Sales in the Middle East, Africa and Asia markets increased driven by solid performances of our Baby Care brand Canbebe and Adult Care brand Canped in Turkey and Algeria. H1 2021 revenue in the AMEAA Division was solidly ahead at 4.5%.

Healthcare

Q2 2021 Healthcare revenue decreased -1.9% compared to prior year. Sales grew in e-commerce and new business development. Lower occupancy rates in care homes have weighed on demand across a number of markets during H1, with some signs of improvement in Q2 albeit more slowly than anticipated. Revenue was also impacted by some UK customers using up inventory related to Brexit uncertainty last year, and some supply chain limitations for an overseas customer which are expected to reverse in the second half. H1 2021 Healthcare revenue decreased -1.5% compared to prior year.

New Division structure will be reported as from Q3 2021

We announced in June 2021 a streamlined organization, with a delayered structure to gain agility and speed of decision-making. We have created two geographic divisions, Europe and AMEAA, which are now effective and will report revenues in this new structure as from Q3 2021. Historical sales data can be found in the annex.

FINANCIAL REVIEW

Selected Financial Information

	First Half		
in € million	**2021**	**2020**	**% ∆**
Ontex Reported Revenue	**980.6**	**1,053.4**	**-6.9%**
Cost of sales	(711.5)	(736.2)	-3.3%
Gross profit	269.1	317.2	-15.2%
Operating expenses	(168.1)	(191.3)	-12.1%
Adjusted EBITDA	101.0	125.9	-19.8%
Non-recurring income and expenses	(23.1)	(10.8)	113.4%
EBITDA	**77.9**	**115.1**	**-32.3%**
Depreciation and amortization	(43.9)	(43.4)	1.3%
Operating profit	**33.9**	**71.7**	**-52.7%**
Net finance cost	(23.7)	(16.2)	46.4%
Income tax expense	(3.1)	(14.4)	-78.7%
Adjusted profit for the period	**24.2**	**49.2**	**-50.7%**
Adjusted Basic EPS	0.30	0.61	-50.6%
Profit for the period	**7.2**	**41.1**	**-82.5%**
Basic EPS	0.09	0.51	-82.4%
Free Cash Flow	**22.1**	**28.7**	**-22.9%**
- Of which change in WC	(17.4)	(10.4)	67.8%
- Of which Capex	(23.0)	(45.2)	-49.2%
- Of which repayment of lease liabilities	(11.5)	(13.7)	-15.9%

Gross profit

H1 2021 gross profit amounted to €269 million, down -15.2% compared to prior year. Strong productivity savings which accelerated in Q2 partly mitigated the negative impacts of lower sales, higher raw material indices and foreign currency depreciations. Gross margin was 27.4% in H1 2021, or -268 bps down on a year ago.

Adjusted EBITDA

Adjusted EBITDA was €101 million in H1 2021, -19.8% below the previous year. Savings generated through reduced overheads partly offset lower gross profit. The adjusted EBITDA margin was down -166 bps to 10.3%.

Non-recurring income and expenses

Non-recurring expenses in H1 2021 totalled €23 million. Nearly all of these expenses are related to actions to turnaround company performance, including reducing overhead costs and streamlining the organization, and optimizing the Group's operations, for which an asset impairment was recorded in the amount of €8 million.

Foreign Exchange

The depreciation of several currencies outside the euro zone which started in March 2020 negatively impacted revenue and Adjusted EBITDA in H1 2021, mainly in Q1. Group revenue faced a -€44 million headwind, mainly due to the depreciation of the Brazilian Real, Turkish Lira and US Dollar, and to a lesser extent the Mexican Peso and Russian Ruble, versus the euro. Movements in the Brazilian Real, Russian Ruble and Turkish Lira explain the -€13 million impact on H1 2021 Adjusted EBITDA.

Net Finance Cost

The net finance cost was €24 million in H1 2021, up €7 million or 46.4% compared with last year. The increase is a one-time cost arising from the successful refinancing completed at the end of June 2021, composed of a non-cash charge of €4 million for the accelerated amortization of the previous refinancing in 2017, and a cash cost of €3 million for the mark to market of interest rates swaps no longer required post the refinancing.

Income Tax Expense

Income tax expenses in H1 2021 were €3 million, resulting in an effective tax rate of 29.8% versus 25.9% in 2020. The rate increase is mainly the consequence of a different country mix of pre-tax profits and lower profitability resulting in the partial write off of previously recognized deferred tax assets on tax losses and other items.

Working Capital

At the end of June 2021, working capital* as a percentage of last twelve months' sales was 8.5%. Although working capital has been tightly managed over the past quarters, we believe there is room to make further structural improvements as part of the Group-wide Cash is King program being implemented as part of our drive for greater cash conversion.

Capital expenditure

Capital expenditure is subject to a short-term freeze, while ensuring investment in our strategic priorities with a focus on returns, such as growth in North America. In H1 2021, capital expenditure amounted to €23 million, or 2.3% of revenue.

Free Cash Flow

H1 2021 free cash flow was €22 million. The decrease of €7 million reflects less cash generated from operating activities, which was partly offset by lower capital expenditure and cash income taxes.

*excluding monetization through factoring lines: €140 million at end June 2021, €157 million at end June 2020

Corporate information

The above press release and related financial information of Ontex Group NV for the three months and six months ended June 30, 2021 was authorized for issue in accordance with a resolution of the Board on July 28, 2021.

AUDIO WEBCAST

Management will host an audio webcast for investors and analysts on July 29, 2021 at 09:00am CET/08:00am UK. A copy of the presentation slides will be available at http://www.ontexglobal.com/

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

https://globalmeet.webcasts.com/starthere.jsp?ei=1482520&tp_key=eb35ea54b9

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

FINANCIAL CALENDAR 2021

Q3 2021 October 28, 2021

ENQUIRIES

Investors
Philip Ludwig +32 53 333 730
Philip.ludwig@ontexglobal.com

Press
Caroline De Wolf +32 478 93 43 93
corporate.communications@ontexglobal.com

Annex A – Division revenue presented in new 2021 Division structure

2021 Structure			2020				2021	
in € million	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**H1**
Ontex Reported Revenue	**574.2**	**479.2**	**507.9**	**525.5**	**2,086.8**	**479.7**	**500.9**	**980.6**
Europe	358.5	296.6	315.6	331.5	**1,302.2**	298.0	297.1	**595.1**
AMEAA	215.7	182.6	192.3	194.0	**784.6**	181.7	203.8	**385.5**
% ∆ at LFL	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**H1**
Ontex Reported Revenue	**6.8%**	**-10.5%**	**-4.5%**	**-3.7%**	**-3.1%**	**-11.1%**	**6.2%**	**-3.2%**
Europe	4.8%	-12.1%	-7.5%	-3.4%	**-4.6%**	-15.6%	0.6%	**-8.3%**
AMEAA	10.2%	-8.0%	0.1%	-4.2%	**-0.8%**	-3.8%	15.5%	**5.0%**
% ∆ as reported	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**H1**
Ontex Reported Revenue	**5.1%**	**-15.6%**	**-11.6%**	**-11.3%**	**-8.5%**	**-16.5%**	**4.5%**	**-6.9%**
Europe	4.3%	-13.2%	-9.0%	-6.4%	**-6.1%**	-16.9%	0.2%	**-9.1%**
AMEAA	6.5%	-19.3%	-15.5%	-18.6%	**-12.3%**	-15.8%	11.6%	**-3.2%**

2020 Structure			2020				2021	
in € million	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**H1**
Ontex Reported Revenue	**574.2**	**479.2**	**507.9**	**525.5**	**2,086.8**	**479.7**	**500.9**	**980.6**
Europe	250.1	191.9	209.5	220.7	**872.2**	191.7	195.2	**386.9**
AMEAA	213.5	180.1	189.1	191.4	**774.1**	178.9	200.2	**379.1**
Healthcare	110.6	107.2	109.2	113.4	**440.5**	109.1	105.5	**214.6**
% ∆ at LFL	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**H1**
Ontex Reported Revenue	**6.8%**	**-10.5%**	**-4.5%**	**-3.7%**	**-3.1%**	**-11.1%**	**6.2%**	**-3.2%**
Europe	7.7%	-17.0%	-9.8%	-7.7%	**-6.8%**	-21.5%	2.6%	**-11.0%**
AMEAA	10.7%	-7.8%	-0.4%	-4.0%	**-0.7%**	-4.2%	14.9%	**4.5%**
Healthcare	-2.1%	-1.8%	-1.6%	6.2%	**0.1%**	-1.2%	-1.9%	**-1.5%**
% ∆ as reported	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	**Q1**	**Q2**	**H1**
Ontex Reported Revenue	**5.1%**	**-15.6%**	**-11.6%**	**-11.3%**	**-8.5%**	**-16.5%**	**4.5%**	**-6.9%**
Europe	7.0%	-18.5%	-12.0%	-11.6%	**-8.8%**	-23.4%	1.7%	**-12.5%**
AMEAA	7.0%	-19.3%	-16.0%	-18.6%	**-12.3%**	-16.2%	11.2%	**-3.7%**
Healthcare	-2.1%	-2.0%	-1.9%	5.2%	**-0.2%**	-1.4%	-1.6%	**-1.5%**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the First Half ended June 30, 2021

Contents

STATEMENT OF THE BOARD OF DIRECTORS

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

- the Condensed Consolidated Interim Financial Statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex Group NV and of the entities included in the consolidation;
- the financial report presents a fair overview of the information that needs to be disclosed pursuant Article 12, paragraph 2 of the Royal Decree of November 14, 2007.

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

Due to rounding, numbers presented throughout these Condensed Consolidated Interim Financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT AUDITORS' REPORT

STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2021

Ontex Group NV
To the Board of Directors
Korte Keppestraat 23
9230 EREMBODEGEM

REVIEW REPORT OF THE STATUTORY AUDITOR ON THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF-YEAR ENDED 30 JUNE 2021

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ontex Group NV and its subsidiaries as of 30 June 2021 and the related condensed consolidated income statement and statement of comprehensive income, changes in equity and cash flows for the 6 month period then ended as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of the condensed consolidated Financial Information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated Financial Information as of 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34,as adopted by the European Union.

Ghent, 28 July 2021

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

Lien Winne
Registered auditor

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30

ASSETS in € million	Note	June 30, 2021	December 31, 2020
Non-current Assets			
Goodwill	6.4.	1,115.2	1,106.7
Intangible assets	6.5.	52.4	53.5
Property, plant and equipment	6.6.	612.7	615.9
Right-of-use assets	6.7.	121.3	126.8
Deferred tax assets		24.5	24.9
Non-current receivables		7.7	6.9
		1,933.8	**1,934.7**
Current Assets			
Inventories		322.4	319.1
Trade receivables		275.4	286.3
Prepaid expenses and other receivables		79.0	57.0
Current tax assets		18.7	18.8
Derivative financial assets		16.7	18.0
Cash and cash equivalents	6.8.	182.5	430.1
Non-current assets held for sale		3.2	2.9
		897.9	**1,132.4**
TOTAL ASSETS		**2,831.6**	**3,067.0**

EQUITY AND LIABILITIES in € million	Note	June 30, 2021	December 31, 2020
Equity attributable to owners of the company			
Share capital & premium		1,208.0	1,208.0
Treasury shares		(36.0)	(38.8)
Cumulative translation reserves		(313.6)	(333.5)
Retained earnings and other reserves		274.4	262.7
TOTAL EQUITY		**1,132.7**	**1,098.4**
Non-current liabilities			
Employee benefit liabilities		25.8	26.6
Interest-bearing debts	6.8.	115.8	911.4
Deferred tax liabilities		30.9	29.2
Other payables		0.5	0.5
		173.0	**967.6**
Current liabilities			
Interest-bearing debts	6.8.	909.6	366.3
Derivative financial liabilities		11.7	14.1
Trade payables		473.6	476.9
Accrued expenses and other payables		40.0	40.9
Employee benefit liabilities		49.4	52.5
Current tax liabilities		24.7	31.8
Provisions	6.9.	16.9	18.5
		1,525.9	**1,001.1**
TOTAL LIABILITIES		**1,698.9**	**1,968.7**
TOTAL EQUITY AND LIABILITIES		**2,831.6**	**3,067.0**

The notes 6.1. to 6.18. are an integral part of the condensed consolidated interim financial statements.

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

in € million	Note	First Half 2021	First Half 2020
Revenue	6.3.	980.6	1,053.4
Cost of sales		(711.5)	(736.2)
Gross Profit		**269.1**	**317.2**
Distribution expenses		(94.8)	(97.1)
Sales and marketing expenses		(72.4)	(86.9)
General administrative expenses		(42.5)	(45.9)
Other operating income/(expenses), net		(2.3)	(4.8)
Income and expenses related to changes to Group structure	6.10.	(13.4)	(7.7)
Income and expenses related to impairments and major litigations	6.10.	(9.7)	(3.1)
Operating profit		**33.9**	**71.7**
Finance income		1.0	1.3
Finance costs		(24.6)	(19.2)
Net exchange differences relating to financing activities		(0.0)	1.8
Net finance cost	6.11.	**(23.7)**	**(16.2)**
Profit before income tax		**10.3**	**55.6**
Income tax expense		(3.1)	(14.4)
Profit for the period from continuing operations		**7.2**	**41.1**
Profit for the period		**7.2**	**41.1**
Profit attributable to:			
Owners of the parent		7.2	41.1
Profit for the period		**7.2**	**41.1**

Earnings per share:

in €	Note	First Half 2021	First Half 2020
Basic earnings per share	6.12.	0.09	0.51
Diluted earnings per share	6.12.	0.09	0.51
Weighted average number of ordinary shares outstanding during the period		80,894,617	80,973,244

The notes 6.1. to 6.18. are an integral part of the condensed consolidated interim financial statements.

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

	First Half	
in € million	2021	2020
Profit for the period	**7.2**	**41.1**
Other comprehensive income/(loss) for the period, after tax:		
Remeasurements of defined benefit plans	1.6	-
Deferred tax on items that will not be reclassified subsequently to income statement	(0.4)	-
Items that will not be reclassified subsequently to income statement, net of tax	**1.2**	-
Exchange differences on translating foreign operations	19.9	(149.5)
Fair value remeasurements - Cash flow hedge	5.1	3.3
Deferred tax on items that will be reclassified subsequently to income statement	(0.2)	-
Items that will be reclassified subsequently to income statement, net of tax	**24.9**	**(146.2)**
Other comprehensive income/(loss) for the period, net of tax	**26.1**	**(146.2)**
Total comprehensive income for the period	**33.3**	**(105.1)**
Total comprehensive income attributable to:		
Owners of the parent	33.3	(105.1)
Total comprehensive income for the period	**33.3**	**(105.1)**

The notes 6.1. to 6.18. are an integral part of the condensed consolidated interim financial statements.

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

	Attributable to equity holders of the Company						
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, 2020	**82,347,218**	**795.2**	**412.8**	**(38.8)**	**(333.5)**	**262.7**	**1,098.4**
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	1.0	1.0
Settlement of share-based payments	-	-	-	2.8	-	(2.8)	-
Total transactions with owners 2021	**-**	**-**	**-**	**2.8**	**-**	**(1.7)**	**1.0**
Comprehensive income:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**7.2**	**7.2**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	19.9	-	19.9
Remeasurements of defined benefit pension plans	-	-	-	-	-	1.2	1.2
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	4.9	4.9
Total other comprehensive income	**-**	**-**	**-**	**-**	**19.9**	**6.1**	**26.1**
Balance at June 30, 2021	**82,347,218**	**795.2**	**412.8**	**(36.0)**	**(313.6)**	**274.4**	**1,132.7**

	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	-	-	-	1.5	-	(0.1)	1.4
Total transactions with owners 2020	**-**	**-**	**-**	**1.5**	**-**	**(0.1)**	**1.4**
Comprehensive income:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**41.1**	**41.1**
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	(149.5)	-	(149.5)
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	3.3	3.3
Total other comprehensive income	**-**	**-**	**-**	**-**	**(149.5)**	**3.3**	**(146.2)**
Balance at June 30, 2020	**82,347,218**	**795.2**	**412.8**	**(38.8)**	**(322.1)**	**247.5**	**1,094.6**

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

in € million	First Half 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**7.2**	**41.1**
Adjustments for:		
Income tax expense	3.1	14.4
Depreciation and amortization	43.9	43.4
Impairment losses and results on disposal of property, plant and equipment	8.3	(0.2)
Provisions (including employee benefit liabilities)	0.1	(3.8)
Change in fair value of financial instruments	(0.2)	(1.2)
Net finance cost	23.7	16.2
Changes in working capital:		
Inventories	3.1	(62.9)
Trade and other receivables and prepaid expenses	(9.1)	26.6
Trade and other payables and accrued expenses	(11.4)	25.9
Employee benefit liabilities	(3.6)	6.4
Cash from operating activities before taxes	**64.9**	**106.0**
Income taxes paid	(8.7)	(18.8)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**56.3**	**87.2**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(23.0)	(45.2)
Proceeds from disposal of property, plant and equipment and intangible assets	0.3	0.4
NET CASH USED IN INVESTING ACTIVITIES	**(22.7)**	**(44.9)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	15.9	301.3
Repayment of borrowings	(284.7)	(16.2)
Interests paid	(14.3)	(14.4)
Interests received	0.9	1.2
Cost of refinancing & other costs of financing	1.1	(3.3)
Realized foreign exchange (losses)/gains on financing activities	0.3	(2.4)
Derivative financial assets	(0.8)	(0.5)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(281.6)**	**265.7**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(248.0)**	**308.0**
Effects of exchange rate changes on cash and cash equivalents	0.3	(12.1)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**430.1**	**127.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**182.5**	**423.8**

The notes 6.1. to 6.18. are an integral part of the condensed consolidated interim financial statements.

6. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6.1. CORPORATE INFORMATION

The condensed consolidated interim financial statements of Ontex Group NV (the 'Group' or 'Ontex') for the First Half ended June 30, 2021 were authorized for issue in accordance with a resolution of the Board on July 28, 2021.

6.1.1. Legal status

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

6.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.2.1. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first six months ended June 30, 2021 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, as adopted by the European Union. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 of Ontex Group NV, that can be found on the website: http://www.ontexglobal.com.

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

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

A summary of the significant accounting policies can be found in the audited consolidated financial statements for the year ended December 31, 2020 of Ontex Group NV that can be found in the Integrated Annual Report 2020 on the website (http://www.ontexglobal.com), from page 109 through page 118. The accounting policies have been consistently applied to all the periods presented.

The accounting policies used to prepare the condensed consolidated interim financial statements for the period from January 1, 2021 to June 30, 2021 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2020 of Ontex Group NV.

IFRS accounting standards to be adopted as from 2021

The following relevant new standards and amendments to existing standards have been published and are mandatory for the first time for the financial periods beginning on or after January 1, 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform – Phase 2* (effective January 1, 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.

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.

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

Relevant IFRS accounting pronouncements to be adopted as from 2022 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, 2022 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.

Amendments to IFRS 16 – *Covid 19-Related Rent Concessions beyond June 30, 2021* (effective April 1, 2021, but not yet endorsed in EU): 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 and Practice Statement 2 – *Disclosure of Accounting Policies* (effective January 1, 2023, but not yet endorsed in EU). The amendments provide more guidelines on which accounting policies to disclose in the financial statements.

Amendments to IAS 8 – *Definition of Accounting Estimates* (effective January 1, 2023, but not yet endorsed in EU). The amendments clarify the distinction between accounting policies and accounting estimates.

Amendments to IAS 12 – *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective January 1, 2023, but not yet endorsed in EU). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Amendments to IAS 16 – *Proceeds before Intended Use* (effective January 1, 2022): 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): 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): 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).

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

6.2.2. Measurement in the consolidated financial statements

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

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

6.2.3. Critical accounting estimates and judgments

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2020.

6.3. OPERATING SEGMENTS

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the chief operating decision maker. The Group's activities are in one segment, "Hygienic Disposable Products". There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results and operating plans, and make resource allocation decisions on a company-wide basis. Therefore, the Group operates as one segment. Enterprise-wide disclosures about product sales and geographic areas are presented below:

6.3.1. Information by Division

	First Half	
in € million	**2021**	**2020**
Europe	386.9	442.0
AMEAA	379.1	393.6
Healthcare	214.6	217.9
Total revenue	**980.6**	**1,053.4**

6.3.2. Information by product group

The key product categories are:

- Baby Care 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 Care, such as adult pants, adult diapers, incontinence towels and bed protection.

	First Half	
in € million	**2021**	**2020**
Baby Care	524.7	589.7
Adult Care	336.2	338.4
Feminine Care	100.6	111.0
Other	19.1	14.4
Total revenue	**980.6**	**1,053.4**

6.3.3. 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

	First Half	
in € million	**2021**	**2020**
Western Europe	441.8	498.2
Americas	298.4	298.4
Eastern Europe	117.5	122.2
Rest of the World	122.9	134.5
Total revenue	**980.6**	**1,053.4**

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

6.4. GOODWILL

The movement in goodwill relates to exchange differences (gain of € 8.5 million).

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

- 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.

Due to the current economic circumstances and the COVID-pandemic, the Group has performed an updated impairment test during the first half-year 2021 . The outcome of these goodwill impairment tests did not result in any impairment loss.

The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex' financial budgets and strategic plans, as well as discount rates. The discount rates used are summarized here below:

	First Half	Full Year
in %	**2021**	**2020**
Pre-tax discount rate		
Europe	7.0%	5.7%
Healthcare	6.2%	5.3%
Middle East, Africa and Asia	11.3%	11.2%
Americas	8.0%	7.4%

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 7.8%, 21.4%, 14.5% and 9.3%, respectively and all other variables kept constant.

Cash flows beyond the period of the strategic plan 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 30%, no impairment would need to be recognized.

Should the estimated operating margins decrease by 10%, no impairment would be recognized.

6.5. INTANGIBLE ASSETS

The Group acquired intangible assets for a total amount of € 4.3 million, mainly relating to IT implementation costs (First half of 2020: € 4.9 million relating to IT implementation costs) and capitalized development costs.

The amortization charge for the period amounts to € 5.4 million (First half of 2020: € 4.7 million).

Remaining significant movement of the period relates to impairment losses on capitalized development (€ 1.3 million) and exchange differences (gain of € 1.2 million).

6.6. PROPERTY, PLANT AND EQUIPMENT

Separate additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments for a total amount of € 19.0 million (First half of 2020: € 47.6 million).

Furthermore, property, plant and equipment were disposed of for a carrying amount of € 0.5 million (First half of 2020: € 0.2 million).

The depreciation charge for the period amounts to € 25.9 million (First half of 2020: € 25.1 million). Impairment losses for an amount of € 5.8 million relating to idle machinery have been recognized in the First Half of 2021 (2020: nil).

Remaining significant movement relates to exchange differences for € 10.4 million.

The Group has contracted expenditures for the acquisition of property, plant and equipment at June 30, 2021 of € 12.8 million.

6.7. RIGHT-OF-USE ASSETS

6.7.1. Right-of-use assets

The Group entered into new lease contracts for a total amount of € 4.7 million, mainly relating to furniture and vehicles (First half of 2020: € 3.0 million).

Furthermore, modifications to lease contracts have an impact of € 1.6 million.

The depreciation expense for the period amounts to € 12.6 million (First half of 2020: € 13.5 million).

Remaining movement of the period relates to impairment losses and exchange differences.

6.7.2. Lease liabilities

The lease liabilities are included in the interest-bearing debts and amount to € 108.0 million under non-current liabilities and € 21.6 million under current liabilities (2020: € 111.0 million as non-current and € 21.7 million as current).

6.8. NET DEBT

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 periods ended June 30, 2021 and December 31, 2020 are as follows:

in € million	June 30, 2021	December 31, 2020
Non-current interest-bearing debts	115.8	911.4
Current interest-bearing debts	909.6	366.3
Cash and cash equivalents	(182.5)	(430.1)
Total net debt position	**842.9**	**847.6**

In the First Half of 2021, the Company has reimbursed the syndicated revolving credit facility of € 270 million which was drawn down to provide financial flexibility in the context of the economic uncertainty caused by the COVID-crisis.

Considering that the Company was in the process of securing a successful refinancing of its Group borrowings at the end of the First Half of 2021, the interest-bearing debts subject to the refinancing have been reclassed as current interest-bearing debts as at June 30, 2021. The refinancing has been successfully completed beginning of July 2021. For more information, we refer to Note 6.17 on the events after the end of the reporting period.

6.9. PROVISIONS

6.9.1. Restructuring

In 2021, the Group launched cost-out programs in operations and SG&A overheads, which resulted in the recognition of an additional restructuring provision (€ 2.9 million). The provision mainly includes termination benefits. The additional provisions have been recognized in 'Non-recurring income and expenses', under the heading 'Restructuring'.

6.9.2. Legal claims

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

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision it has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, Ontex was fined € 5.2 million. Ontex initiated an appeal against the decision 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 June 30, 2021.

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

6.10. NON-RECURRING INCOME AND EXPENSES

in € million	First Half 2021	First Half 2020
Business restructuring	(10.8)	(7.4)
Acquisition and disposal of businesses	(2.6)	(0.3)
Income and expenses related to changes to Group structure	**(13.4)**	**(7.7)**
Impairment of assets	(8.1)	-
Litigation and legal claims	(2.9)	(3.1)
Other	1.4	0.0
Income and expenses related to impairments and major litigations	**(9.7)**	**(3.1)**
Total non-recurring income and expenses	**(23.1)**	**(10.8)**

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

6.10.1. Income and expenses related to changes to Group structure

Restructuring

In 2021, the cost relates to the restructuring expenses in the context of cost-out programs in operations and SG&A overheads (€ 9.9 million).

The expenses recognized in 2020 related to the Group reorganization and comprehensive transformation plan, Transform2Grow (T2G), announced in May 2019. The costs recognized in 2020 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 € 6.5 million for the first half of 2020.

6.10.2. Income and expenses related to impairments and major litigations

Impairment of assets

The impairment loss is a non-cash item and relates in 2021 mainly to the impairment recognized on machinery in the context of the cost-out programs for cost competitiveness improvement.

Litigations

The expenses recognized relate to costs incurred in the context of various on-going litigations.

6.11. NET FINANCE COST

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

in € million	First Half 2021	First Half 2020
Interest income on current assets	0.9	1.2
Finance income	**1.0**	**1.3**
Interest expense on group borrowings	(8.5)	(8.6)
Amortization of borrowing expenses	(5.8)	(1.6)
Interest expense on other borrowings and other liabilities	(5.5)	(6.8)
Interest expense	**(19.8)**	**(17.1)**
Banking cost	(0.8)	(1.0)
Factor fee	(0.4)	(0.5)
Losses on derivatives and deports forward contracts	(0.8)	(0.5)
Other	(2.8)	(0.1)
Finance cost	**(24.6)**	**(19.2)**
Finance income as per income statement	1.0	1.3
Finance expense as per income statement	(24.6)	(19.2)
Net exchange differences relating to financing activities	(0.0)	1.8
Net finance cost as per income statement	**(23.7)**	**(16.2)**

The increase in net finance cost relates mainly to the anticipated consequences of the refinancing of the current Group borrowings completed beginning of July 2021. For more information, we refer to note 6.17 on the events after the end of the reporting period.

The refinancing resulted in a loss as a consequence of the application of the amortized cost for an amount of € 4.1 million (accelerated amortization of the borrowing expenses), presented in net finance cost in the consolidated income statement for the period ended June 30, 2021. Furthermore, due to the refinancing, the current cash flow hedge has been partially discontinued which resulted in a recycling loss from other comprehensive income to net finance cost for an amount of € 2.7 million. This is presented under "Other" within the "Finance cost".

6.12. 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 80,973,244, which is the weighted average number of shares for First Half 2020. The number of shares used for First Half 2021 was 80,894,617, which is the weighted average number of shares for 2021.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of Ontex Group NV, no effects of dilution affect the net profit attributable to ordinary equity holders. The table below reflects the income and share data used in the basic and diluted earnings per share computations:

in € million	First Half 2021	First Half 2020
Basic earnings		
Profit from continuing operations attributable to owners of the parent	7.2	41.1
Adjustment dilution	-	-
Profit from continuing operations attributable to owners of the parent, after dilution effect	**7.2**	**41.1**

Number of Shares	First Half 2021	First Half 2020
Weighted average number of ordinary shares outstanding during the period	80,894,617	80,973,244
Dilution	168,546	151,010

Earnings per share (€)	First Half 2021	First Half 2020
Basic earnings per share	0.09	0.51
Diluted earnings per share	0.09	0.51

A weighted average number of 2,115,565 dilutive instruments (i.e. LTIP instruments) were not included in the denominator of the diluted earnings per share as they were out-of-the-money at the end of June 30, 2021 (2020: 994,591 dilutive instruments). For more information, we refer to Note 6.13 relating to share-based payments.

6.13. SHARE-BASED PAYMENTS

The Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options'), restricted stock units (further 'RSU's') and performance stock units (further PSU's), together the Instruments. The Options, RSU's and PSU's are accounted for as equity-settled share-based payments. The options, RSU's and PSU's can only vest and options giving the right to receive shares of the Company (further 'Shares') or any other rights to acquire Shares can only be exercisable as from three years after the grant. For PSU's, non-market and market conditions should also be met in order to be vested. The Instruments will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions. The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

The exercise price of the Options will be equal to the last closing rating of the Share immediately preceding the option grant date. For the Options, the exercise period will start on the vesting date.

The Shares underlying the RSU's and PSU's will be granted for free as soon as practicable after the vesting date of the RSU's and PSU's.

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

During the period, the Group granted a new LTIP plan consisting of 431,566 PSU's, of which 872 instruments have forfeited as of June 30, 2021. The instruments are exercisable between June 2024 and June 2029. The new LTIP plan has following characteristics:

	Expiry Date	Exercise Price per stock option (€)	Number of instruments
LTIP 2021			
PSU's	2024	N/A	431,566

The fair value of the new LTIP plan has been determined using a stochastic valuation model based on the Monte Carlo methodology, considering that the PSU's include also a market condition. The expected volatility used in the model is based on the historical volatility of the Company.

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

	LTIP 2021
Exercise Price (€)	-
Expected volatility of the shares (%)	43.12%
Expected dividends yield (%)	3.00%
Risk free interest rate (%)	0.00%

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

6.14. 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	June 30, 2021				
	Designated in hedge relationship	At fair value through profit or loss	At amortized cost	Fair value	Fair value level
Non-current receivables			7.7	7.7	Level 2
Trade receivables			275.4	275.4	Level 2
Other receivables			79.0	79.0	Level 2
Derivative financial assets	16.7			16.7	Level 2
Cash and cash equivalents			182.5	182.5	Level 2
Total Financial Assets	**16.7**		**544.6**	**561.3**	
Interest-bearing debts - non-current			115.8	115.8	
Lease & other liabilities			*115.8*	*115.8*	Level 2
Derivative financial liabilities	9.1	2.7		11.7	Level 2
Other payables - non-current			0.5	0.5	Level 2
Interest-bearing debts - current			909.6	909.6	
Syndicated Term Loan A < 1 year			*600.0*	*600.0*	Level 2
Term Loan < 1 year			150.0	*150.0*	Level 2
Revolver credit loan			*30.0*	*30.0*	Level 2
Accrued interests - Other			*1.1*	*1.1*	Level 2
Total return swap			*31.2*	*31.2*	Level 2
Lease & other liabilities			*97.3*	*97.3*	Level 2
Trade payables			473.6	473.6	Level 2
Other payables - current			40.0	40.0	Level 2
Total Financial Liabilities	**9.1**	**2.7**	**1,539.6**	**1,551.4**	

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	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	Level 2
Other payables - non-current		0.5	0.5	Level 2
Interest-bearing debts - current		366.3	366.3	
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**	

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.

6.15. 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.

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

6.16. RELATED PARTY TRANSACTIONS

There are no substantial related party transactions during the First Half of 2021.

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

6.17. EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 7, 2021, the Company closed the offering of € 580 million 3.50% Senior Unsecured Notes due 2026 for an issue price of 100%. At the same time, the Company entered into a syndicate credit facilities agreement in an amount of € 220.0 million carrying a floating interest rate, and a revolving credit facility in an amount of up to € 250.0 million.

The proceeds of the Notes and the bank financing have been used to repay the current interest-bearing debts, consisting of a syndicate credit facilities agreement (Syndicated Term Loan A) in an amount of € 600.0 million due 2022, and a Term Loan of € 150.0 million due 2024.

The refinancing resulted in a loss as a consequence of the application of the amortized cost for an amount of € 4.1 million, presented in net finance cost in the consolidated income statement for the period ended June 30, 2021. Furthermore, due to the refinancing, the current cash flow hedge has been partially discontinued which resulted in a recycling loss from other comprehensive income to net finance cost for an amount of € 2.7 million.

6.18. ALTERNATIVE PERFORMANCE MEASURES

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

6.18.1. 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 First Half ended June 30 are composed of the following items presented in the consolidated income statement and can be reconciled in note 6.10.:

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

6.18.2. 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 periods ended June 30 are as follows:

	First Half	
in € million	**2021**	**2020**
Operating profit	**33.9**	**71.7**
Depreciation and amortization	43.9	43.4
EBITDA	**77.9**	**115.1**
Non-recurring income and expenses	23.1	10.8
Adjusted EBITDA	**101.0**	**125.9**

6.18.3. 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 periods are presented below:

in € million	June 30, 2021	December 31, 2020
Non-current interest-bearing debts	115.8	911.4
Current interest-bearing debts	909.6	366.3
Cash and cash equivalents	(182.5)	(430.1)
Total net debt position	**842.9**	**847.6**
LTM Adjusted EBITDA	210.6	235.6
Net financial debt/LTM Adjusted EBITDA ratio	**4.00**	**3.60**

6.18.4. 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 periods ended June 30 is as follows:

	First Half	
in € million	**2021**	**2020**
Operating profit	**33.9**	**71.7**
Depreciation and amortization	43.9	43.4
EBITDA	**77.9**	**115.1**
Non-cash items in cash flows from operating activities	8.2	(5.2)
Change in working capital		
Inventories	3.1	(62.9)
Trade and other receivables and prepaid expenses	(9.1)	26.6
Trade and other payables and accrued expenses	(11.4)	25.9
Employee benefit liabilities	(3.6)	6.4
Cash from operating activities before taxes	**64.9**	**106.0**
Income taxes paid	(8.7)	(18.8)
Net cash generated from operating activities	**56.3**	**87.2**
Capex	(23.0)	(45.2)
Cash (used in)/from on disposal	0.3	0.4
Repayment of lease liabilities	(11.5)	(13.7)
Free cash flow	**22.1**	**28.7**

6.18.5. Adjusted basic earnings and adjusted basic earnings per share

Adjusted basic earnings 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.

	First Half	
in € million	**2021**	**2020**
Adjusted Basic Earnings		
Profit from continuing operations attributable to owners of the parent	7.2	41.1
Non-recurring income and expenses	23.1	10.8
Tax correction	(6.0)	(2.8)
Adjusted Basic Earnings	**24.2**	**49.2**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**24.2**	**49.2**

	First Half	
Number of Shares	**2021**	**2020**
Weighted average number of ordinary shares outstanding during the period	80,894,617	80,973,244
Dilution	168,546	151,010

	First Half	
Earnings per share (€)	**2021**	**2020**
Adjusted basic earnings per share	0.30	0.61
Adjusted diluted earnings per share	0.30	0.61

6.18.6. 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.

6.18.7. 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.

LFL Adjusted EBITDA

Like-for-Like Adjusted EBITDA is defined as adjusted EBITDA at constant currency excluding change in scope of consolidation or M&A.

LFL Adjusted EBITDA margin

Like-for-Like Adjusted EBITDA margin is LFL adjusted EBITDA divided by LFL revenue.

DISCLAIMER

This report may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, Ontex's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this report.

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

In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the trading update.

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