Erratum
to 2022 H1 results publication

September 16, 2022

Erratum to the financial report of the first half year of 2022

In the press release and the financial statements for the first half of the year ending June 30, 2022, the weighted average number of ordinary shares outstanding during the first half year of 2022 was mistakenly reported as 82,347,218, which corresponds to the total number of issued shares by the Ontex Group. The correct figure should have excluded the treasury shares held by the Ontex Group. Excluding these, the correct figure is 80,998,654. Adjusted earnings per share from continuing operations are unchanged by this correction. Other earnings per share figures change as follows:

EPS figures (in €/share)	H1 2021 as published	H1 2022 as published on 29/08/2022	H1 2022 corrected on 16/09/2022
Weighted average number of ordinary shares outstanding during the period	80,894,617	82,347,218	80,998,654
Adjusted earnings per share from continuing operations	0.27	(0.14)	(0.14)
Basic earnings per share from continuing operations	0.09	(1.21)	(1.23)
Basic earnings per share from discontinued operations	0.00	(0.87)	(0.88)
Basic earnings per share	0.09	(2.08)	(2.12)

Dilution has no material effect on the calculation, leading to diluted earnings per share to be equal to basic earnings per share.

Press release
Regulated / Inside information
July 29, 2022 – 07:00 CEST

Ontex H1 & Q2 2022 results:

- → Successful delivery of strategic priorities with revenue turnaround, structural cost reduction and portfolio transformation with agreement to sell Mexican business
- → Strong revenue growth of 15% LFL driven by volume, mix and pricing, outperforming retail brand markets, which benefit from consumer shift
- → Unprecedented cost inflation continuing to negatively impact EBITDA despite savings, volume growth and pricing ramp-up
- → EPS impacted by impairments following portfolio adjustments
- → H2 revenue and adjusted EBITDA margin to increase progressively, boosted by continued strong pricing and cost reduction

H1 results

- → **Revenue** [1] of Core Markets was €781 million, up 12% like for like, driven by 8.1% volume/mix growth, and 3.5% overall higher prices. The strong increase denotes Ontex's top line turnaround after several years of organic sales stagnation or decline.
- → **Adjusted EBITDA** [1] of Core Markets was €40 million, down 53% year on year, with the revenue growth drop-through contributing €51 million and gross savings €29 million. These were more than offset by the adverse impact of raw material and operating cost inflation of €(124) million. The adjusted EBITDA margin thereby dropped to 5.1%, down 7.2pp year on year.
- → **Total Group** revenue, including discontinued Emerging Markets was €1,152 million, up 15% LFL, driven by 6.6% volume/mix and 8.4% pricing, while adjusted EBITDA came in at €49 million, down 51% year on year. The resulting EBITDA margin of 4.3% was down 6.0pp year on year, and encompasses a sequential margin improvement for Emerging Markets of 2.7pp versus H2 2021.
- → **Adjusted EPS** of continuing operations was €(0.14) compared to €0.27 in H1 2021. Basic EPS, including non-recurring costs and profit from discontinued operations, was €(2.12) compared to €0.09 in H1 2021. The delta is almost entirely attributable to non-cash impairments booked on the Russian and Mexican assets of €(84) and €(60) million respectively.
- → **Free cash flow** was €(59) million, compared to €22 million in the prior year, as a result of lower EBITDA, higher working capital outflow and slightly higher capex.
- → **Net debt** for the total Group was €826 million at the end of June, up €101 million over the half year, but slightly lower than the end of March thanks to working capital inflow. The leverage ratio rose to 6.8x from 4.2x at the start of the year.

CEO quote

Esther Berrozpe, Ontex's CEO, said "*We are delivering on the Group's strategic priorities: turnaround of the top-line, bringing down the structural cost base and divestments to reduce net debt and refocus the Group. The unprecedented cost inflation has however hit our adjusted EBITDA significantly during the first half, so we will continue to accelerate pricing to alleviate this negative impact. Revenue growth and the lower cost base will be a major driver to margin recovery and value creation once the raw material environment improves.*"

[1] Reported P&L figures, except for profit, represent continuing operations, i.e. Core Markets, only. As from 2022, Emerging Markets, representing 30% of revenue in 2021, are reported as assets held for sale and discontinued operations, following the strategic decision to divest these businesses.

Q2 results

- **Revenue** [1] of Core Markets was €396 million, up 10% like for like, including 5.1% volume/mix growth and 5.3% overall higher prices. With a 2.9% increase compared to Q1, this marks five consecutive quarters of sequential growth.
- **Adjusted EBITDA** [1] of Core Markets was €19 million, down 57% year on year, and 10% quarter on quarter. The revenue growth drop-through contributed €32 million and gross savings €17 million to the year-on-year evolution, partly offsetting the adverse impact of raw material and operating cost inflation of €(76) million. The adjusted EBITDA margin thereby dropped to 4.8%, down -7.8pp versus Q2 2021, and down -0.7pp sequentially versus Q1 2022, as the geopolitical context drove input costs up further sequentially more than prices were raised.
- **Total Group** revenue, including discontinued Emerging Markets was €598 million, up 15% LFL, driven by 10% pricing and 4.3% volume/mix, while adjusted EBITDA came in at €25 million, down 52% year on year, but slightly up quarter on quarter demonstrating stabilization at total Group level. The resulting EBITDA margin of 4.1% was down 6.1pp versus Q2 2021, and 0.3pp sequentially versus Q1 2022.

Outlook

The uncertain geo-political environment and resulting volatile inflationary macro-economic situation is persisting, causing visibility to remain low. Provided that the market momentum persists and inflationary pressure on commodity and energy prices does not further expand, Ontex expects for the full year 2022:

- **Revenue** of Core Markets and of total Group, including discontinued Emerging Markets, to grow at least 10% like for like, based on positive market momentum and continued price increases;
- **Adjusted EBITDA margin** for the next quarters to sequentially improve for both Core markets and the total Group, as additional pricing is passed through and structural cost reduction measures continue to deliver;
- **Adjusted EBITDA** of Core Markets to be within a €100 to €110 million range, while total Group adjusted EBITDA is expected in a €125 to €140 million range;
- **Cash flow** discipline to remain a focus, with leverage to reduce by year end from 6.8x in June, and working capital over sale is to normalize while capex is to gradually grow to 4% of revenue in H2.

Portfolio developments

- Ontex entered into a binding agreement to sell its Mexican and related export activities to Softys S.A. marking a milestone in the transformation of Ontex. The transaction is based on an enterprise value of MXN $5,950 million, or approximately €285 million [1]. This includes a deferred payment of MXN $500 million, spread over a maximum of five years. Net cash proceeds are estimated at approximately €250 million, after the impact of taxes, transaction expenses and balance sheet adjustments. The closing is foreseen by early 2023, subject to the customary conditions, including the applicable merger clearance approvals. Proceeds from the transaction will be exclusively applied to reduce debt.
- Ontex is making progress in the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue.

[1] At current exchange rate.

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

Key H1 & Q2 2022 financials

Total Group

Key indicators	Second Quarter				First Half			
in € million	2022	2021	%	% LFL	2022	2021	%	% LFL
Group (total)								
Revenue	598.3	500.9	*+19%*	*+15%*	1,151.7	980.6	*+17%*	*+15%*
Adj. EBITDA	24.8	51.4	*-52%*		49.4	101.0	*-51%*	
Adj. EBITDA margin	4.1%	10.3%	*-6.1pp*		4.3%	10.3%	*-6.0pp*	
Emerging Markets (discontinued operations)								
Revenue	202.4	153.9	+32%	+24%	371.1	293.7	+26%	*+23%*
Adj. EBITDA	5.9	7.9	-25%		9.7	16.3	-41%	
Adj. EBITDA margin	2.9%	5.1%	*-2.2pp*		2.6%	5.6%	*-3.0pp*	
Core Markets (continuing operations)								
Revenue	395.9	347.0	+14%	+10%	780.6	686.9	*+13%*	*+12%*
Adj. EBITDA	18.8	43.5	-57%		39.7	84.6	-53%	
Adj. EBITDA margin	4.8%	12.5%	*-7.8pp*		5.1%	12.3%	*-7.2pp*	

Key Financials	First Half		
in € million	2022	2021	%
Group (total)			
Profit/(Loss) for the period	(171.4)	7.2	
Basic EPS (in €)	(2.12)	0.09	
Capex	(27.0)	(23.0)	*+17%*
Free Cash Flow	(58.9)	22.1	
Net Debt	826.3	842.9	*-2.0%*
Net Debt / LTM Adj. EBITDA	*6.8x*	*4.0x*	*2.8x*
Core Markets (continuing operations)			
Adjusted profit/(loss) for the period	(11.2)	22.0	
Adjusted EPS (in €)	(0.14)	0.27	
Profit/(Loss) for the period	(99.7)	7.2	
Basic EPS (in €)	(1.23)	0.09	

Core Markets (continuing operations)

Revenue	Second Quarter				First Half			
in € million	2022	2021	%	% LFL	2022	2021	%	% LFL
Baby Care	178.0	153.4	+16%	+11%	354.4	302.4	+17%	+15%
Adult Care	156.6	135.9	+15%	+13%	305.7	277.6	+10%	+8.9%
Feminine Care	52.7	49.7	+6.0%	+4.0%	105.3	93.3	+13%	+11%
Other	8.6	8.0	+7.5%	+6.7%	15.2	13.6	+12%	+11%

Revenue in € million	2021	Volume/ mix	Price	2022 LFL	Forex	2022
Second Quarter	347.0	17.9	18.5	383.4	12.5	395.9
First Half	686.9	55.9	24.2	767.0	13.6	780.6

Adj. EBITDA in € million	2021	Volume/ mix/price	Raw materials	Operating costs	Operating savings	SG&A net savings	Forex	2022
Second Quarter	43.5	32.1	(56.9)	(19.0)	14.5	2.0	2.5	18.8
First Half	84.6	51.0	(93.3)	(31.1)	25.8	3.1	(0.4)	39.7

H1 2022 business review

Revenue of Core Markets (continuing operations)

Revenue of Core Markets was €781 million, up 12% like for like, driven by 8.1% volume/mix growth and 3.5% overall higher prices. Revenue was up double digit like for like in Europe and North America. Forex fluctuations added 2.0%, mainly with the significant year-on-year appreciation of the US dollar, increasing revenue 14% overall.

Volume and mix remained the main drivers with an 8.1% impact, with strong market momentum supplemented by the contract gains secured in 2021 both in Europe and North America. Retail brands have gained share overall, especially in the second quarter, as consumers seek better value-for-money alternatives.

Prices were up 3.5% on average, gradually increasing month after month, as contracts are renegotiated. By June prices were up further and as more pricing has already been secured, these are expected to continue to increase in the coming months. Additional strong pricing actions are being executed to respond to the continued inflation of input costs.

In **baby care** revenue grew 15% like for like, especially in baby pants, where sales were up strong double digits, benefitting from a new product range and increased production capacities. Ontex outperformed the retail brand market both in diapers and pants. The retail brand market was favorable overall, also reflecting the significantly higher growth in pants. In **adult care** revenue growth continued, up 8.9% like for like, also driven by higher growth for pants. While growth in the institutional channel was subdued in the first quarter, following the impact of some contract losses in Southern Europe, retail and on-line channels grew consistently double digit. **Feminine care** products grew 11% like for like.

Adjusted EBITDA of Core Markets (continuing operations)

Adjusted EBITDA of Core Markets was €40 million, down 53%. The revenue drop-through contributed €51 million, while continuous cost reduction efforts contributed €29 million, reflecting the turnaround launched with the strategic plan. Cost inflation intensified as expected, resulting in an €124 million adverse impact. Forex fluctuations had no significant net impact as the increase of the US dollar, which negatively affected the cost base, was offset by the appreciation of other currencies.

Cost inflation weighed heavily on the year-on-year comparison, with a negative impact of €93 million from raw materials and €31 million on operating costs. The overall cost base rose some 20% versus the first half of 2021, especially raw materials, where prices rose some 30% year on year, with the largest impact on super absorbent polymers. By the end of 2021, indices impacting Ontex's main raw materials were up 40% to 80% compared to the start of that year, and that increase is now largely reflected in the cost base. Since then, some indices have risen by an additional 30%, and energy prices and other cost drivers were up as well. These increases were already partly reflected in the gradual raw material cost increase over the half year. Other operating costs rose similarly. Distribution costs inflated some 15% and energy prices more than 30%, while wages were up more than 5%, reflecting the inflationary environment.

Cost reduction measures delivered €29 million in savings, which represents 4.6% of the cost base, thereby maintaining the momentum to reduce costs annually by 4%. Gross savings in operations represented the largest share at €26 million, benefitting from reduced scrap rates, improved production efficiency and the result of design-to-value initiatives. As from the second quarter Ontex's production footprint was further optimized in Europe, mainly as the plant in Mayen, Germany, stopped production at the end of March. After last year's significant efforts, strict cost control continues to be applied in SG&A, especially in marketing & sales, allowing to offset inflation by €3 million net. Combined with revenue growth, this resulted in SG&A costs over revenue to drop to 9.7%, below the 10% target.

The **adjusted EBITDA margin** thereby dropped to 5.1%, 7.2pp lower year on year and 4.8pp versus the second half of 2021.

Total Group (including discontinued operations)

Discontinued operations, consisting of the Emerging Markets division generated a revenue of €371 million, up 23% like for like, driven mostly by pricing. Volumes were largely stable in Brazil and Mexico, where market growth was slower, whereas in the Middle East volumes in baby and adult care continued to grow throughout the period. Adjusted EBITDA came in at €10 million, down 40%, as price increases are lagging cost increases, but less so than in Core Markets. Price increases can be pushed through more rapidly in branded markets, which are the main business in Emerging Markets. While the EBITDA margin at 2.6% is down 3.0pp year on year, it already marks a sequential improvement of 2.7pp versus the second half of 2021.

Total Group revenue rose to €1,152 million, up 15% like for like, with pricing up 8.4% and volume and mix contributing 6.6%. Adjusted EBITDA was €49 million, a 51% decrease, as cost inflation of €179 million more than offset the revenue growth drop-though and the total gross savings contribution of €36 million. The EBITDA margin thereby dropped to 4.3%, down 6.0pp year on year, and 2.5pp versus the second half of 2021.

Q2 2022 business review

Revenue of Core Markets (continuing operations)

Revenue of Core Markets was €396 million, up 10% like for like, driven by 5.1% volume/mix growth and 5.3% overall higher prices. With a 2.9% increase compared to the previous quarter, this marks five consecutive quarters of sequential growth. Revenue was up double digit in Europe, while in North America the evolution was more subdued due to a higher comparable in 2021. Forex fluctuations added 3.6%, with the significant year-on-year appreciation of the US dollar and Russian ruble, increasing revenue 14% overall.

The **volume and mix** increase of 5.1% was spread equally over both, with strong market momentum supplemented by the contract gains secured in 2021 both in Europe and North America. Retail brands have gained share overall, especially in the second quarter, as consumers seek better value-for-money alternatives. The year-on-year uplift is lower than in the first quarter, as the first quarter benefitted from a lower comparison base and by pre-loading by customers.

Prices were up 5.3% on average, versus1.7% in the first quarter. By June prices were up further and as more pricing has already been secured, these are expected to continue to increase in the coming months. Additional pricing actions put in place to respond to the continued inflation of input costs.

In **baby care** revenue grew 11% like for like. Baby pants growth accelerated compared to the first quarter, to strong double digit year on year, benefitting from a new product range and share gains from our customers. Ontex outperformed the retail brand market, which was positive overall. In **adult care** revenue growth was 13% like for like, with double digit growth both in the institutional channel and in retail channels. **Feminine care** products grew 4.0% like for like.

Adjusted EBITDA of Core Markets (continuing operations)

Adjusted EBITDA of Core Markets was €19 million, down 57% versus the second quarter of 2021, and 10% sequentially versus the first quarter of the year. The revenue drop-through represented €32 million, while continuous cost reduction efforts contributed €17 million, scaling up from the first quarter. Cost inflation intensified as expected, resulting in an €76 million adverse impact. Forex fluctuations had a €3 million positive net impact as the increase of the US dollar, which negatively affected the cost base, was more than offset by the appreciation of the Russian ruble on sales.

Cost inflation weighed heavily on the year-on-year comparison, with a negative impact of €57 million from raw materials and €19 million on operating costs. Total costs went up by some 25% versus the second quarter of 2021, mainly due to higher raw material prices increasing driven by higher energy costs and indices. Other operating costs were up as well, as higher energy prices and wage inflation also affect distribution and manufacturing costs.

Cost reduction measures represented €17 million in savings, which represents 5.5% of the cost base, well above the target to reduce costs annually by 4%. Gross savings in operations represented the largest share with €15 million, benefitting from reduced scrap rates, improved production efficiencies and the result of design-to-value initiatives. Ontex's production footprint was further optimized in Europe, mainly as the plant in Mayen, Germany, stopped production. After last year's significant efforts, strict cost control continues to be applied in SG&A, especially in marketing & sales, allowing to offset inflation by €2 million net. Combined with revenue growth, this resulted in SG&A costs over sales to drop to 9.0%, comfortably below the 10% target.

The **adjusted EBITDA margin** thereby dropped to 4.8%, 7.8pp lower year on year and 0.7pp quarter on quarter. The geopolitical context drove input costs up further sequentially more than prices were raised.

Total Group (including discontinued operations)

Discontinued operations, consisting of the Emerging Markets division generated a revenue of €202 million, up 24% driven mostly by pricing. Volumes were largely stable in Brazil and Mexico, in slower markets, whereas in the Middle East volumes grew further. Adjusted EBITDA came in at €6 million, down 25% versus the second quarter of 2021, but marking a 59% sequential increase, versus the first quarter of the year. This demonstrates the more rapid recovery in Emerging Markets, as cost inflation started earlier and price increases can be pushed through more rapidly than in Core Markets. While the EBITDA margin at 2.9% is down 2.2pp year on year, it already marks a sequential improvement of 0.7pp versus the previous quarter.

Total Group revenue thereby rose to €598 million, up 15% like for like, and up 8.3% compared to the first quarter. Prices were up 10% and volume and mix contributed 4.3%. Adjusted EBITDA was €25 million, a 52% decrease, and 0.5% up sequentially on the first quarter. Cost inflation offset the revenue growth drop-though and a total gross savings contribution of €18 million, the same amount as in the first quarter. The EBITDA margin thereby dropped to 4.1%, down 6.1pp year on year, and 0.3pp quarter on quarter.

Financial review

P&L

Depreciation was slightly up at €(34) million, reflecting mainly forex fluctuations.

Non-recurring expenses totalled €(90) million, and consist mainly of a €(84) million non-cash impairment of goodwill. As the continuity of the Russian operations and the associated financial transactions remains with some uncertainties given the evolution of sanctions, the Group has decided to separate and then impair a portion of goodwill allocated to its Russian business. The remainder covers mostly restructuring efforts on the European footprint.

The **net finance cost** was €(22) million, largely in line with the first half of 2021. The net interest costs of €(19) million were slightly higher year on year, reflecting the higher interest rate following the issuance in July 2021 of a €580 million bond at a 3.5% fixed rate, but these were offset by forex effects.

As profit before tax was negative at €(107) million, an **income tax** gain was booked of €6.9 million.

Discontinued operations booked a loss of €(72) million, compared to €0.0 million in 2021. This mainly consisted of a non-cash impairment on the Mexican assets of €(60) million, following the carve-out of these activities, the non-cash net valuation impact of €(5.4) million from hyperinflation in Turkey, which affected the valuation of net assets and retained earnings in equity, and €(9) million restructuring costs, mainly related to the Ethiopian activities. These more than offset the positive business contribution.

Adjusted **profit** from continuing operations was €(28) million, compared to €22 million in the first half of 2021. Including the impact of non-recurring expenses and the contribution of discontinued operations the loss for the period was €(171) million, the delta being almost entirely attributable to the non-cash impairments in continuing and discontinued operations. Adjusted earnings per share of continuing operations were €(0.14) compared to €0.27 in 2021. Basic earnings per share were €(2.12), compared to €0.09 in the first half of 2021.

Cash

Capital expenditure was €(27) million, slightly up versus €(23) million in 2021. The pace of 2.3% of revenue remains low but is maintained higher than depreciation. Strict capital management continues to be applied in the current challenging business conditions, but is expected to increase gradually to about 4% in the second half to further support growth and value creating initiatives. These formed the majority of the spend in the first half, encompassing mainly the completion of the new plant in the US, operating efficiency improvement projects across operations and innovations such as the Orizon smart diaper platform.

Free cash flow (after-tax) outflow was €(59) million, compared to an inflow of €22 million in 2021, mainly as a result of lower EBITDA and the working capital outflow of €(34) million. Capex and lease payments were €(39) million combined. The cash impact of non-recurring costs, was €(22) million. Cash taxes were slightly higher at €(11) million.

Balance sheet

Working capital for the total Group at the end of the period was €186 million, a €56 million increase versus the end of 2021. The increase is related to significantly growing revenues, especially in June, boosting both the absolute value and the ratio over revenue. The working capital excludes forex effects but includes monetization of accounts receivables through factoring for €184 million, versus €163 million at the end of 2021.

Net debt stood at €826 million at the end of the period including net financial debt of €715 million and lease liabilities of €111 million. This €101 million increase versus December 31, 2021, includes the free cash outflow, net interest of €19 million and other financing outflow of €7.8 million, mainly related to costs from the term loan waiver negotiations concluded in February. Non-cash changes brought debt up €15 million net, and encompassed mainly the increase in lease liabilities of €19 million, linked to the start-up of the plant in the US. Net debt decreased compared to €833 million on March 31, mainly thanks to working capital inflow. At the end of June Ontex drew €50 million from its €250 million revolving credit facility to cover for temporary mismatches in the geographical cash distribution. Leverage was 6.8x net debt over adjusted EBITDA at the end of the period, compared to 4.2x at the end of 2021, mainly as result of the significant reduction in the last-twelve-months adjusted EBITDA.

As from 2022, the Emerging Markets activities are reported as **assets held for sale**, representing €726 million in assets. The net value of these, after deduction of €(253) million of related liabilities, was €473 million. The equity value of these, after further deduction of €(293) million related cumulative translation reserves, was €179 million at the end of June.

Disclaimer

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

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

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

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

Corporate information

The above press release and related financial information of Ontex Group NV for the three months ended June 30, 2022 was authorized for issue in accordance with a resolution of the Board on July 28, 2022.

Audio webcast

Management will host an audio webcast for investors and analysts on July 29, 2022 at 11:00 CEST / 10:00 BST. A copy of the presentation slides will be available on ontex.com.

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

https://channel.royalcast.com/ontexgroup/#!/ontexgroup/20220729_1

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

Financial calendar

- → Q3 2022 November 10, 2022
- → Q4 & FY 2022 March 1, 2023

Enquiries

- → Investors Geoffroy Raskin +32 53 33 37 30 investor.relations@ontexglobal.com
- → **Media** Maarten Verbanck +32 492 72 42 67 corporate.communications@ontexglobal.com

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the FIRST HALF **ended** JUNE 30, 2022

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STATEMENT OF THE BOARD OF DIRECTORS

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

- the 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, 2022

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

Statutory auditor's report on review of consolidated condensed interim financial statements for the period ended 30 June 2022

Introduction

We have reviewed the accompanying consolidated condensed interim financial statements of Ontex Group NV and its subsidiaries as of 30 June 2022 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

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

Conclusion

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

Ghent, 28 July 2022

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

Lien Winne
Bedrijfsrevisor / Réviseur d'Entreprises

PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL - Financial Assurance Services
Maatschappelijke zetel/Siège social: Culliganlaan 5, B-1831 Diegem
Vestigingseenheid/Unité d'établissement: Sluisweg 1 bus 8, B-9000 Gent
T: +32 (0)9 268 82 11, F: +32 (0)9 268 82 99, www.pwc.com
BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB / BELFIUS BE92 0689 0408 8123 - BIC GKCC BEBB

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30

ASSETS in € million	Note	June 30, 2022	December 31, 2021
Non-current Assets			
Goodwill	6.4.	799.4	1,039.9
Intangible assets	6.5.	30.6	45.8
Property, plant and equipment	6.6.	418.7	573.4
Right-of-use assets	6.7.	107.0	102.0
Deferred tax assets		19.2	19.7
Non-current receivables		0.2	3.5
		1,375.3	1,784.4
Current Assets			
Inventories		284.2	358.7
Trade receivables		190.4	269.8
Prepaid expenses and other receivables		48.6	69.2
Current tax assets		7.1	15.0
Derivative financial assets		10.3	5.7
Cash and cash equivalents	6.8.	115.0	246.7
Assets classified as held for sale	6.10.	725.6	-
		1,381.2	965.1
TOTAL ASSETS		2,756.5	2,749.4

EQUITY AND LIABILITIES in € million	Note	June 30, 2022	December 31, 2021
Equity attributable to owners of the company			
Share capital & premium		1,208.0	1,208.0
Treasury shares		(34.3)	(36.3)
Cumulative translation reserves		(266.3)	(333.1)
Retained earnings and other reserves		83.5	207.8
TOTAL EQUITY		990.8	1,046.3
Non-current liabilities			
Employee benefit liabilities		15.4	22.0
Interest-bearing debts	6.8.	881.0	885.2
Deferred tax liabilities		14.8	22.5
Other payables		0.3	0.2
		911.6	929.9
Current liabilities			
Interest-bearing debts	6.8.	82.9	87.0
Derivative financial liabilities		0.5	4.1
Trade payables		425.3	532.6
Accrued expenses and other payables		24.9	39.0
Employee benefit liabilities		38.2	46.2
Current tax liabilities		12.3	31.8
Provisions	6.9.	17.0	32.6
Liabilities related to assets classified as held for sale	6.10.	252.8	-
		854.0	773.2
TOTAL LIABILITIES		1,765.6	1,703.2
TOTAL EQUITY AND LIABILITIES		2,756.5	2,749.4

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

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

		First Half	
in € million	Note	2022	2021*
Revenue	6.3.	780.6	686.9
Cost of sales		(608.6)	(478.4)
Gross Profit		**172.0**	**208.5**
Distribution expenses		(91.2)	(74.1)
Sales and marketing expenses		(39.3)	(43.3)
General administrative expenses		(35.8)	(33.9)
Other operating income/(expenses), net		(0.5)	(5.6)
Income and expenses related to changes to Group structure	6.11.	(4.2)	(10.6)
Income and expenses related to impairments and major litigations	6.11.	(85.6)	(9.5)
Operating profit/(loss)		**(84.5)**	**31.5**
Finance income		0.4	0.3
Finance costs		(22.5)	(21.2)
Net exchange differences relating to financing activities		(0.1)	(0.7)
Net finance cost	6.12.	**(22.1)**	**(21.6)**
Profit/(loss) before income tax		**(106.6)**	**10.0**
Income tax expense		6.9	(2.8)
Profit/(loss) for the period from continuing operations		**(99.7)**	**7.2**
Profit/(loss) for the period from discontinued operations		**(71.6)**	**0.0**
Profit/(loss) for the period		**(171.4)**	**7.2**
Profit/(loss) attributable to:			
Owners of the parent		(171.4)	7.2
Profit/(loss) for the period		**(171.4)**	**7.2**

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

Earnings per share:

		First Half	
in €	Note	2022	2021
For continuing operations			
Basic earnings per share		(1.23)	0.09
Diluted earnings per share		(1.23)	0.09
Adjusted basic earnings per share		(0.14)	0.27
Adjusted diluted earnings per share		(0.14)	0.27
For continuing and discontinued operations			
Basic earnings per share	6.13.	(2.12)	0.09
Diluted earnings per share	6.13.	(2.12)	0.09
Weighted average number of ordinary shares outstanding during the period		80,998,654	80,894,617

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

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

	First Half	
in € million	2022	2021
Profit/(loss) for the period	(171.4)	7.2
Other comprehensive income/(loss) for the period, after tax:		
Remeasurements of defined benefit plans	5.0	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	5.0	1.2
Exchange differences on translating foreign operations	66.9	19.9
Fair value remeasurements - Cash flow hedge	7.4	5.1
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	74.3	24.9
Other comprehensive income/(loss) for the period, net of tax	79.3	26.1
Total comprehensive income/(loss) for the period	(92.1)	33.3
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(92.1)	33.3
Total comprehensive income/(loss) for the period	(92.1)	33.3

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

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

	Attributable to equity holders of the Company						
in € million	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(333.1)	207.8	1,046.3
Restatement Opening Balance (Hyperinflation non-monetary adjustments)	-	-	-	-	-	17.0	17.0
Restated Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(333.1)	224.8	1,063.3
Hyperinflation monetary adjustments	-	-	-	-	-	18.5	18.5
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	0.8	0.8
Settlement of share-based payments	-	-	-	1.7	-	(1.7)	-
Treasury Shares	-	-	-	0.3	-	-	0.3
Total transactions with owners	-	-	-	2.0	-	(0.9)	1.1
Comprehensive income:							
Profit/(loss) for the period	-	-	-	-	-	(171.4)	(171.4)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	66.9	-	66.9
Remeasurements of defined benefit pension plans	-	-	-	-	-	5.0	5.0
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	7.4	7.4
Total other comprehensive income/(loss)	-	-	-	-	66.9	12.4	79.3
Balance at June 30, 2022	82,347,218	795.2	412.8	(34.3)	(266.3)	83.5	990.8

	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	-	-	-	2.8	-	(1.7)	1.0
Comprehensive income:							
Profit/(loss) 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/(loss)	-	-	-	-	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

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

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

	First Half	
in € million	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	(171.4)	7.2
Adjustments for:		
Income tax expense	(1.9)	3.1
Depreciation and amortization	34.5	43.9
Impairment losses and items relating to investing activities	146.9	8.3
Provisions (including employee benefit liabilities)	(12.8)	0.1
Change in fair value of financial instruments	(1.5)	(0.2)
Net finance cost	29.5	23.7
Changes in working capital:		
Inventories	(36.9)	3.1
Trade and other receivables and prepaid expenses	(29.4)	(9.1)
Trade and other payables and accrued expenses	32.3	(11.4)
Employee benefit liabilities	2.1	(3.6)
Cash from operating activities before taxes	(8.5)	64.9
Income taxes paid	(11.3)	(8.7)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(19.8)	56.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(27.0)	(23.0)
Proceeds from disposal of property, plant and equipment and intangible assets	(0.1)	0.3
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	(27.2)	(22.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	57.8	15.9
Repayment of borrowings	(59.3)	(284.7)
Interests paid	(20.2)	(14.3)
Interests received	1.3	0.9
Cost of refinancing & other costs of financing	(3.4)	1.1
Realized foreign exchange (losses)/gains on financing activities	(1.3)	0.3
Derivative financial assets	(3.0)	(0.8)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(28.2)	(281.6)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(75.2)	(248.0)
Effects of exchange rate changes on cash and cash equivalents	9.3	0.3
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	246.7	430.1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	180.8	182.5
Of which presented as part of Assets classified as held for sale	65.7	-

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

6. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6.1. CORPORATE INFORMATION

The condensed consolidated interim financial statements of Ontex Group NV (the 'Group' or 'Ontex') for the First Half ended June 30, 2022 were authorized for issue in accordance with a resolution of the Board on July 28, 2022.

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, 2022 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, 2021 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, 2021 of Ontex Group NV that can be found in the Integrated Annual Report 2021 on the website (http://www.ontexglobal.com), from page 94 through page 103. 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, 2022 to June 30, 2022 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2021 of Ontex Group NV.

IFRS accounting standards to be adopted as from 2022

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, 2022:

Amendments to IFRS 3 – *Business Combinations* (effective January 1, 2022) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 – *Property, Plant and Equipment* (effective January 1, 2022) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (effective January 1, 2022) specify which costs a company includes when assessing whether a contract will be loss-making.

Annual Improvements 2018-2020 (effective January 1, 2022) make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

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

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

Relevant IFRS accounting pronouncements to be adopted as from 2023 onwards

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

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).

Amendments to IAS 8 – *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (effective 1 January 2023, but not yet endorsed in EU). The amendment to IAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

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

Financial reporting in hyperinflationary economies

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

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

6.2.2. Measurement in the consolidated financial statements

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

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

6.2.3. Critical accounting estimates and judgments

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

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

Liquidity situation

The consolidated condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. The 2022 consolidated results of the Group present a negative result, while the consolidated statement of financial position includes positive retained earnings.

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

The Group complied with all requirements of the loan covenants on its available credit facilities throughout the reporting period. Furthermore, as a support for the implementation of the strategic review communicated in December 2021, the leverage covenant is temporarily (till June 30, 2023) replaced by a liquidity covenant providing the company sufficient headroom.

Impairment

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.

As a result of the situation in Russia, the Group concluded that the Russian operations are acting as a separate cash-generating unit ('CGU') and should be excluded from the Europe CGU. Furthermore, considering the renewed strategy of the Group to refocus its activities on Europe and North-America, the Group has reviewed the cash-generating units and concluded that Central-America should also be considered as a separate CGU from "North-America". As such, the Group identifies the following cash-generating units used for impairment testing:

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

The test at half year 2022 has revealed that an impairment loss should be recognized on the CGU "Russia" for an amount of € 84.1 million and on the discontinued CGU "Central America" for an amount of €60.4 million. For more details, please refer to note 6.4.

Discontinued operations and disposal group held for sale

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

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. On June 30, 2022, the discontinued CGUs (Assets held for Sale) are carried approximately at their fair value less cost to sell. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period consolidated statements of financial position are not restated to reflect the new classification of a non-current asset (or disposal group) as held for sale.

Operations in Russia

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

In the first half of 2022, the Group's generated approximately € 58 million revenue in Russia. The fixed assets held in Russia represent approximately € 42 million consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities). The manufacturing and commercial operations are ongoing as the Russian Ontex operation provides essential care products, but these are significantly dependent from the supply of the necessary raw materials and resources to the local manufacturing facility.

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

As the continuity of operations and the associated financial transactions remains with some uncertainties given the evolution of sanctions, the Group has decided to separate and then impair a portion of goodwill allocated to its Russian business for an amount of € 84.1 million (see note 6.4.).

6.3. OPERATING SEGMENTS

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

The key product categories are:

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

	First Half	
in € million	2022	2021*
Baby Care	354.4	302.4
Adult Care	305.7	277.6
Feminine Care	105.3	93.3
Other	15.2	13.6
Total revenue	**780.6**	**686.9**

* The 2021 revenues have been restated following the classification of the Emerging Markets as Discontinued Operations.

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

- Classification of MEAA (Middle East, Africa and Asia) and Central-America CGUs to Assets held for Sale (€ 170.6 million)
- Impairment of Goodwill of € 84.1 million for Russia
- Exchange differences (gain of € 4.7 million).
- Adjustment of the opening Balance for effects from Hyperinflation for € 9.5 million

As a result of the situation in Russia, the Group concluded that the Russian operations are acting as a separate cash-generating unit (‘CGU’) and should be excluded from the Europe CGU. Furthermore, considering the renewed strategy of the Group to refocus its activities on Europe and North-America, the Group has reviewed the cash-generating units and concluded that Central-America should also be considered as a separate CGU from “North-America”. As such, the Group identifies the following cash-generating units used for impairment testing:

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

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

Due to the current economic circumstances, the Group has performed an updated impairment test during the first half-year 2022. Pursuing progressive evolution of Ontex Operating model to ensure full compliance with applicable regulations and sanctions leading to progressive autonomation of the Russian unit, Goodwill of Europe (as of December 2021) has been prorata allocated to Russia and tested separately for impairment resulting in an impairment loss recognition of € 84.1 million).

The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations for continued CGUs and Fair Value less selling cost for the CGUs classified as Asset held for Sale (i.e. expect proceeds from the sale of the CGU). Value-in-use calculations require the use of estimates and assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex' financial budgets and strategic plans, as well as discount rates. The discount rates used are summarized here below:

in %	First Half	Full Year
	2022	2021
Pre-tax discount rate		
Europe	9.0%	6.8%
Russia	14.7%	N/A
North- and Central-America	N/A	7.5%
North-America	7.8%	N/A
Central America	11.8%	N/A
Middle East, Africa & Asia	13.7%	12.8%
South-America	18.1%	16.4%

As mentioned above, the test carried out at in the first half of 2022 resulted in the recognition of an impairment loss of € 84.1 million on the CGU "Russia" and € 60.4 million on "Central-America" reflecting the revised strategy and forecasts. The impairment loss of € 144.5 million has been entirely allocated to goodwill.

A sensitivity analysis indicates that the recoverable amount of Europe and North America would be equal to their carrying amount if the pre-tax discount rates of the CGUs were10,7% and 12,1%%, 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, and 2.0% for North America. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the continued business CGUs are currently operating.

Should the growth rate for either of the CGUs decrease by 20%, 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 € 4.6 million, mainly relating to IT implementation costs (First half of 2021: € 2.5 million relating to IT implementation costs) and capitalized development costs.

The amortization charge for the period amounts to € 4.5 million (First half of 2021: € 5.4 million).

Remaining significant movement of the period relates to impairment losses on goodwill (€ -84.1 million) and the transfer of assets relating to the discontinued operations reclassified as held for sale (€ 15.4 million).

6.6. PROPERTY, PLANT AND EQUIPMENT

Separate additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments for a total amount of € 18.2 million (first half of 2021: € 19.0 million).

Furthermore, property, plant and equipment were disposed of for a carrying amount of € 0.3 million (first half of 2021: € 0.5 million).

The depreciation charge for the period amounts to € 19.8 million (first half of 2021: € 25.9 million). Impairment losses for an amount of € 0.8 million relating to idle machinery have been recognized in the first half of 2022 (2021: € 5.8 million).

Remaining significant movement relates to exchange differences for € 13.9 million and the transfer of assets relating to the discontinued operations reclassified as held for sale € 171.9 million. The opening Balance was adjusted for effects from Hyperinflation for € 6.5 million.

The Group has contracted expenditures for the acquisition of property, plant and equipment at June 30, 2022 of € 13.7 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 € 24.6 million, mainly relating to furniture and vehicles (First half of 2021: € 4.7 million).

Furthermore, modifications to lease contracts have an impact of € (6.0) million.

The depreciation expense for the period amounts to € 8.4 million (First half of 2021: € 12.6 million).

Remaining movement of the period relates to impairment losses and exchange differences and the transfer of assets relating to the discontinued operations reclassified as held for sale € 13.2 million. The opening Balance was adjusted for effects from Hyperinflation for € 0.7 million.

6.7.2. Lease liabilities

The lease liabilities are included in the interest-bearing debts and amount to € 91.0 million under non-current liabilities and € 23.2 million under current liabilities (2021: € 92.1 million as non-current and € 21.5 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, 2022 and December 31, 2021 are as follows:

in € million	June 30, 2022	December 31, 2021
Non-current interest-bearing debts	902.0	885.2
Current interest-bearing debts	105.1	87.0
Cash and cash equivalents	(180.8)	(246.7)
Total net debt position	**826.3**	**725.5**

The Net Debt is calculated on the Full Ontex Group (continued & discontinued operations). Therefore, above figures are not reconciling with BS.

On June 23, 2021 the Group refinanced it's syndicated credit facilities agreement (Syndicated Term Loan A) for an amount of € 220 million, and a revolving credit facility (Senior Revolving Facility B) in an amount of up to € 250 million. In addition, it issued a 5-year High Yield Bond ('Senior Notes') in an amount of € 580 million with a coupon of 3.5%. The Syndicated Term Loan A of € 220 million due 2024 is carrying an interest rate of EURIBOR 3 months + margin of 2.65% (subject to the leverage). The Senior Revolving Facility due 2024 is carrying an interest rate of EURIBOR 3 months + margin of 2.35% (subject to the leverage), € 50 million was utilized at closing of June 2022.

On July 29, 2015, a full hedging program (total return swap) for the share-based payment arrangements (LTIP) was implemented. This program was fully repaid in June 2022 for an amount of € 31.2 million.

Total net debt position increased by € 100 million driven mainly by net cash usage as a result of operations and increase in lease liabilities.

6.9. PROVISIONS

6.9.1. Restructuring

The restructuring provisions recognized in 2021 relate to the current on-going strategic review of the geographical footprint, launched at year-end 2020 and confirmed in 2021. The provision at June 30, 2022 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, 2022.

COFECE, the Mexican antitrust authority, conducted an investigation into our industry and confirmed Mabe and certain individuals committed antitrust violations on periods prior to the acquisition of Grupo PI Mabe, S.A. de C.V. ("Mabe") by Ontex; such decision is being appealed on grounds of unconstitutionality of the fines imposed. Based on the confirmed findings of the investigation (all related to pre-Ontex acquisition of Mabe) and in light of the contractual terms of the Mabe acquisition, the Group does not expect this to result in a net financial cost to it.

Ontex Hygienic Disposables PLC (Ethiopia), a 100% subsidiary of the Group, is currently defending a domestic claim as a result of a Customs Duties and Taxes assessment from the Ethiopian Customs Commission in relation to imported inputs. We have filed an Application for Review of Judgment with evidence and support from relevant authorities (i.e. the Ethiopian Ministry of Industry and the Ethiopian Investment Commission) and are waiting for a response. As per June 2022, the Group has recognized a provision with the total amount of € 1 million.

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

6.10. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. As a result, discontinued operations are shown as one line item in the condensed financial statements as detailed below. The discontinued balance sheet items are presented at lower of the fair value less cost-to-sell and the carrying amount, in accordance with IFRS 5.

The associated assets and liabilities are consequently presented as held for sale as from January 1st, 2022. The related financial performance is thereby reported as discontinued operations in the Income statement.

Disposal group classified as held for sale

Upon reclassification as held for sale, total impairment losses of €60.4 million have been recognized to present the net assets at the lower of the carrying amount and the fair value less costs of disposal.

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

HELD FOR SALE in € million	June 30, 2022
Non-current Assets	
Goodwill	131.8
Intangible assets	17.0
Property, plant and equipment	194.7
Right-of-use assets	15.6
Deferred tax assets	0.8
Other non-current assets	3.8
	363.7
Current Assets	
Inventories	135.4
Trade receivables	106.1
Prepaid expenses and other receivables	43.5
Current tax assets	9.9
Derivative financial assets	1.2
Cash and cash equivalents	65.7
	361.9
Assets classified as held for sale	725.6
Non-current liabilities	
Employee benefit liabilities	2.0
Interest-bearing debts	20.9
Deferred tax liabilities	11.4
	34.4
Current liabilities	
Interest-bearing debts	22.2
Derivative financial liabilities	1.0
Trade payables	155.0
Accrued expenses and other payables	19.8
Employee benefit liabilities	12.0
Current tax liabilities	6.6
Provisions	1.9
	218.4
Liabilities related to assets classified as held for sale	252.8

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at June 30, 2022 were € 293.3 million.

Financial performance

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

	First Half	
in € million	2022	2021
Revenue	**371.1**	**293.7**
Operating expenses (excl. depreciations and amortizations)	(361.4)	(277.4)
Adjusted EBITDA	**9.7**	**16.3**
Income and expenses related to impairment losses and restructuring	(69.0)	(3.0)
EBITDA	**(59.3)**	**13.4**
Depreciation and amortization	-	(10.9)
Financial result	(7.3)	(2.1)
Profit/(loss) before income tax	**(66.6)**	**0.3**
Income tax expense	(5.0)	(0.3)
Profit/(loss) for the period from discontinued operations*	**(71.6)**	**0.0**

* Of which included Hyperinflation impact in 2022 of € -5.4 million.

	First Half	
Earnings per share (€)	2022	2021
For discontinuing operations		
Basic earnings per share	(0.88)	0.00
Diluted earnings per share	(0.88)	0.00

Cash flows

The cash flow information presented are for the six months ended June 30, 2022 and 2021:

	First Half	
in € million	2022	2021
Net cash generated from / (used in) operating activities	27.0	(3.2)
Net cash generated from / (used in) investing activities	(11.1)	(5.1)
Net cash generated from / (used in) financing activities	(14.4)	23.0
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**1.5**	**14.7**
Effects of exchange rate changes on cash and cash equivalents	3.1	(0.4)

Hyperinflation in Turkey

In First Half Year of 2022, the Turkish economy faced further rapid inflation resulting in the three-year cumulative inflation of Turkey to exceed 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies as of 1 January 2022. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into euro at the period closing exchange rate.

Consequently, the Ontex Group has applied hyperinflation accounting for its Turkish subsidiaries in these interim financial statements applying the IAS 29 rules as follows:

- Hyperinflation accounting was applied as of 1 January 2022;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Turkey were restated using official Consumer Price index published by the Turkish Statistic Institute TUIK. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2021 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2022 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line;
- The income statement is adjusted at the end of each reporting period using the change in the consumer price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies);
- The prior year income statement and balance sheet were not restated.

In the first six months of June 2022, the Turkish operations represented 13.82% of the company's revenue from discontinued operations and 10.13% of the profit from discontinued operations.

In the net Assets held for Sale presented above € 472.8 million, the impact of Hyperinflation amounts to € 28.5 million.

6.11. NON-RECURRING INCOME AND EXPENSES

in € million	First Half 2022	2021*
Business restructuring	(3.9)	(9.5)
Acquisition and disposal of businesses	(0.3)	(1.0)
Income and expenses related to changes to Group structure	**(4.2)**	**(10.6)**
Impairment of assets	(84.9)	(8.4)
Litigation and legal claims	(0.1)	(2.4)
Other	(0.6)	1.2
Income and expenses related to impairments and major litigations	**(85.6)**	**(9.5)**
Total non-recurring income and expenses	**(89.7)**	**(20.1)**

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

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

6.11.1. Income and expenses related to changes to Group structure

Restructuring

Amount includes expenses relating to the opening of the Group's new factory in Stokesdale (U.S.) of € 1.8 million and costs related to the restructuring expenses in the context of cost-out programs in operations and SG&A overheads of € 1.7 million (in 2021 as restated: € 8.7 million).

6.11.2. Income and expenses related to impairments and major litigations

Impairment of assets

In 2022, the impairment losses include mainly the impairment recognized on the business in Russia as a result of the goodwill impairment test performed (€ 84.1 million, see note 6.4). 2021 amount relates mainly to the impairment recognized on machinery in the context of the cost-out programs for cost competitiveness improvement.

The impairment loss from Central America CGU (see note 6.4) is reflected in the goodwill amount for "the Assets classified as held for sale".

Litigations and claims

The Company incurred specific legal fees in the context of certain on-going or potential litigation matters which are expected to result in a potential benefit for the Company or in the avoidance of potential future expenses.

6.12. NET FINANCE COST

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

	First Half	
in € million	2022	2021*
Interest income on current assets	0.4	0.3
Finance income	**0.4**	**0.3**
Interest expense on group borrowings	(13.6)	(8.5)
Amortization of borrowing expenses	(1.3)	(5.8)
Interest expense on other borrowings and other liabilities	(3.6)	(3.1)
Interest expense	*(18.6)*	*(17.4)*
Banking cost	(0.6)	(0.6)
Factor fee	(0.6)	(0.4)
Losses on derivatives and deports forward contracts	(1.0)	(0.2)
Other	(1.8)	(2.5)
Finance cost	**(22.5)**	**(21.2)**
Finance income as per income statement	0.4	0.3
Finance expense as per income statement	(22.5)	(21.2)
Net exchange differences relating to financing activities	(0.1)	(0.7)
Net finance cost as per income statement	**(22.1)**	**(21.6)**

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

The refinancing in July 2021 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.

In addition the refinancing resulted in a higher interest rate on the debt, mainly as a result of the interest rate on the 5-year High Yield Bond ('Senior Notes') with a coupon of 3.5%. and increased margin on the Syndicated Term Loan A with a margin of 2.65% (subject to the leverage). The Senior Revolving Facility due 2024 is carrying an interest rate of EURIBOR 3 months + margin of 2.35% (subject to the leverage), € 50 million was utilized at closing of June 2022.

6.13. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2021 was 80,894,617 , which is the weighted average number of shares for First Half 2021. The number of shares used for First Half 2022 was 82,347,218 , which is the weighted average number of shares for 2022.

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:

	First Half	
in € million	2022	2021*
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	(99.7)	7.2
Profit/(loss) attributable to equity holders of the Company	(171.4)	7.2
Adjustment dilution	-	-
Profit/(loss) from continuing operations attributable to equity holders of the Company, after dilution effect	(99.7)	7.2
Profit/(loss) attributable to equity holders of the Company, after dilution effect	(171.4)	7.2

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

	First Half	
Number of Shares	2022	2021
Weighted average number of ordinary shares outstanding during the period	80,998,654	80,894,617
Dilution	136,031	168,546

	First Half	
Earnings per share (€)	2022	2021
For continuing operations		
Basic earnings per share	(1.23)	0.09
Diluted earnings per share *	(1.23)	0.09
Adjusted basic earnings per share	(0.14)	0.27
Adjusted diluted earnings per share *	(0.14)	0.27
For continuing and discontinued operations		
Basic earnings per share	(2.12)	0.09
Diluted earnings per share *	(2.12)	0.09

* Dilution has no effect on the calculation in the first half of 2022, as the earnings per share are negative.

A weighted average number of 3,379,603 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, 2022 (2021: 2,115,565 dilutive instruments). For more information, we refer to Note 6.14 relating to share-based payments.

6.14. SHARE BASED PAYMENTS

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

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

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

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

During the period, the Group granted a new LTIP plan consisting of 611,477 PSU's, of which 3,596 instruments have forfeited as of June 30, 2022. The instruments are exercisable upon vesting. The new LTIP plan has following characteristics:

	Expiry Date	Exercise Price per stock option (€)	Number of instruments
LTIP 2022			
PSU's	2025	N/A	611,477

The fair value of the new LTIP plan has been determined using a stochastic valuation model based on the Black-Scholes 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 2022
Exercise Price (€)	-
Expected volatility of the shares (%)	39.01%
Expected dividends yield (%)	4.10%
Risk free interest rate (%)	0.00%

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

6.15. FINANCIAL INSTRUMENTS

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

in € million	June 30, 2022			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		0.2	0.2	Level 2
Trade receivables		190.4	190.4	Level 2
Other receivables		48.6	48.6	Level 2
Derivative financial assets	9.9		9.9	
Cash and cash equivalents		115.0	115.0	Level 2
Assets classified as held for sale		725.6	725.6	Level 3
Total Financial Assets	**9.9**	**1,079.8**	**1,089.7**	
Interest-bearing debts - non-current		881.0	777.1	
Senior Notes		*573.0*	*465.8*	Level 1
Syndicated Term Loan A > 1 year		*216.8*	*220.0*	Level 2
Lease & other liabilities		*91.3*	*91.3*	Level 2
Forward foreign exchange contracts	*0.5*		*0.5*	Level 2
Other payables - non-current		0.3	0.3	Level 2
Interest-bearing debts - current		82.9	82.9	
Syndicated Term Loan A < 1 year		*50.0*	*50.0*	Level 2
Accrued interests - Other		*9.8*	*9.8*	Level 2
Lease & other liabilities		*23.2*	*23.2*	Level 2
Trade payables		425.3	425.3	Level 2
Other payables - current		24.9	24.9	Level 2
Liabilities related to assets classified as held for sale		252.8	252.8	Level 3
Total Financial Liabilities	**0.5**	**1,667.3**	**1,563.8**	

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

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.

6.16. CONTINGENCIES

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

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

6.17. RELATED PARTY TRANSACTIONS

There are no substantial related party transactions during the First Half of 2022.

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

6.18. EVENTS AFTER THE END OF THE REPORTING PERIOD

Ontex Group NV entered into a binding agreement to sell its Mexican business activities to Softys S.A., a wholly owned subsidiary of Empresas CMPC S.A., headquartered in Chile. The transaction includes Ontex's business in Mexico and related exports to regional markets as well as its manufacturing facility in Puebla. The plant in Tijuana remains within the Ontex portfolio as an integral part of Ontex's North American supply chain footprint.

The transaction is based on an enterprise value of MXN $5,950 million (or approximately €285 million at current exchange rate). This includes a deferred payment of MXN $500 million, spread over a maximum of five years. Net cash proceeds are estimated at approximately €250 million, after the impact of taxes, transaction expenses and balance sheet adjustments, and subject to closing conditions. The closing is foreseen by early 2023, subject to the customary conditions, including the applicable merger clearance approvals.

6.19. ALTERNATIVE PERFORMANCE MEASURES

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

6.19.1. 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 2022 are composed of the following items presented in the consolidated income statement and can be reconciled in note 6.11:

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

6.19.2. EBITDA and adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses.

EBITDA and Adjusted EBITDA reconciliation of the Group for the periods ended 2022 are as follows:

	First Half	
in € million	2022	2021*
Operating profit/(loss)	**(84.5)**	**31.5**
Depreciation and amortization	34.5	33.0
EBITDA	**(50.0)**	**64.5**
Non-recurring income and expenses	89.7	20.1
Adjusted EBITDA	**39.7**	**84.6**

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

6.19.3. Net financial debt/LTM adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents for the full Group (both continuing and discontinued operations).

LTM adjusted EBITDA is defined as EBITDA plus non-recurring income and expenses for the last twelve months (LTM) for the full Group (both continuing and discontinued operations).

Net financial debt/LTM adjusted EBITDA ratio of the Group for the periods are presented below:

in € million	June 30, 2022	December 31, 2021
Non-current interest-bearing debts	902.0	885.2
Current interest-bearing debts	105.1	87.0
Cash and cash equivalents	(180.8)	(246.7)
Total net debt position	**826.3**	**725.5**
LTM Adjusted EBITDA	120.7	172.2
Net financial debt/LTM Adjusted EBITDA ratio	**6.8**	**4.2**

6.19.4. Free Cash Flow

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

Free Cash Flow of the Group for the periods ended 2022 is as follows:

in € million	First Half	
	2022	2021*
Operating profit/(loss)	**(84.5)**	**31.5**
Depreciation and amortization	34.5	33.0
EBITDA	**(50.0)**	**64.5**
EBITDA from discontinued Operations	**(59.3)**	**13.4**
Non-cash items and items relating to investing and financing activities	132.7	8.2
Change in working capital		
Inventories	(36.9)	3.1
Trade and other receivables and prepaid expenses	(29.4)	(9.1)
Trade and other payables and accrued expenses	32.3	(11.4)
Employee benefit liabilities	2.1	(3.6)
Cash from operating activities before taxes	**(8.5)**	**64.9**
Income taxes paid	(11.3)	(8.7)
Net cash generated from operating activities	**(19.8)**	**56.3**
Capex	(27.0)	(23.0)
Cash (used in)/from on disposal	(0.1)	0.3
Repayment of lease liabilities	(12.0)	(11.5)
Free Cash Flow	**(58.9)**	**22.1**

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

6.19.5. 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.

in € million	First Half	
	2022	2021*
Adjusted Basic Earnings		
Profit from continuing operations attributable to owners of the parent	(99.7)	7.2
Non-recurring income and expenses	89.7	20.1
Tax correction	(1.2)	(5.3)
Adjusted Basic Earnings	**(11.2)**	**22.0**
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	**(11.2)**	**22.0**

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

Number of Shares	First Half	
	2022	2021
Weighted average number of ordinary shares outstanding during the period	80,998,654	80,894,617
Dilution	136,031	168,546

Earnings per share (€)	First Half	
	2022	2021*
Adjusted basic earnings per share	(0.14)	0.27
Adjusted diluted earnings per share **	(0.14)	0.27

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as Discontinued Operations.
** Dilution has no effect on the calculation in the first half of 2022, as the earnings per share are negative.

6.19.6. Working capital

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

6.19.7. 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 and hyperinflation.

Like-for-Like (LFL) revenue

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

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 and hyperinflation.

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.