Press release
Regulated information
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Strong recovery in profitability in Q4, built on solid top-line momentum

- Q4 adj. EBITDA up 31%, with double digit price increases and sustained volume driving revenue up 20% LFL, as well as continuous cost reduction delivery;
- Full year adj. EBITDA down 33%, due to net impact of major cost inflation, while revenue outperformed the market at 15% LFL growth;
- Net debt and leverage reduction over Q4 to 6.4x by year end;
- Portfolio transformation and hyperinflation led to restructuring costs and non-cash impairments, mostly in H1;
- Acceleration of strategy anticipated, built on reducing complexity in the organization, allowing for more focus;
- 2023 outlook of high single-digit revenue growth and adjusted EBITDA margin in 8% to 10% range, to result in leverage below 4x.

FY results

- **Revenue** [1] of Core Markets was €1,672 million, up 15% LFL, driven by 7% volume and mix growth, and 8% overall higher prices. The strong increase confirms Ontex's top line turnaround after several years of organic sales decline and its reactiveness to raw material price increases.
- **Adjusted EBITDA** [1] of Core Markets was €104 million, down 33%, with revenue growth contributing €164 million and gross savings €55 million. While these were still more than offset by raw material and operating cost inflation of €(280) million in the year, they reversed the negative trend in Q4. The adjusted EBITDA margin for the year dropped to 6.2%, down 4.9pp. The operating loss was €(69) million, including €(11)M restructuring costs, €(92) million non-cash impairments and €(70) million depreciation.
- **Total Group** revenue, including discontinued Emerging Markets was €2,464 million, up 17% LFL, driven by 6% volume and mix and by 11% higher prices, while adjusted EBITDA came in at €136 million, down 21% year on year. The resulting EBITDA margin of 5.5% was down 3.0pp year on year, and includes a margin improvement of discontinued Emerging Markets of 1.4pp.
- **Adjusted EPS** of continuing operations was €(0.62) compared to €0.30 in 2021. Basic EPS, including restructuring and impairment costs as well as profit from discontinued operations, was €(3.34) compared to €(0.76) in 2021. The delta is almost entirely attributable to non-cash impairments booked on the Russian, Mexican and Turkish assets of €(84) million, €(76) million and €(33) million respectively.
- **Free cash flow** was €(54) million, compared to €53 million in 2021, as a result of lower EBITDA, slightly higher capex and an increase in working capital needs due to higher revenue and despite improvement in the cash conversion cycle.
- **Net debt** for the total Group was €867 million at year end, up €142 million over the year, but showing an improvement versus the end of September thanks to EBITDA and working capital inflow. The leverage ratio was 6.4x, down from 7.7x in September and up from 4.2x at the start of the year.

CEO quote

Gustavo Calvo Paz, Ontex's CEO, said "*I'm happy to see that we have turned the corner, giving us momentum to deliver further recovery in 2023. My first 100 days as CEO increased my conviction that there is a significant opportunity. Our strategy is working and I commit to accelerate its execution. Complexity reduction and laser-focus on the strategy execution, will bring us to best-in-class competitivity, which Ontex deserves as a performance-driven organization.*"

Q4 results

- **Revenue** [1] of Core Markets was €460 million, up 20% like for like, including a 6% contribution from volume and mix and 14% higher prices. With a 7% increase compared to Q3, this marks seven consecutive quarters of sequential growth.
- **Adjusted EBITDA** [1] of Core Markets was €40 million, up 31% year on year, marking the first quarter of year-on-year recovery. Revenue growth contributed €65 million and gross savings €16 million to the year-on-year evolution, more than offsetting the adverse impact of raw material and operating cost inflation of €(74) million. Compared to Q3, adjusted EBITDA was up 68%, as prices were raised further and volume growth and savings delivery levels were maintained, while cost inflation remained largely stable. The adjusted EBITDA margin thereby recovered to 8.8%, up 0.5pp year on year, and up 3.2pp quarter on quarter. The operating profit was €12 million, after deduction of €(11) million of restructuring costs and non-cash impairments, and €(18) million depreciation.
- **Total Group** revenue, including discontinued Emerging Markets was €675 million, up 20% LFL, driven by 16% higher prices and by 5% volume and mix improvement, while adjusted EBITDA came in at €51 million, up 64% year on year, and 47% quarter on quarter. The resulting EBITDA margin of 7.6% was up 1.7pp versus Q4 2021, and 2.1pp versus Q3 2022.

Outlook

While the volatile inflationary macro-economic situation is diminishing, but not over yet, Ontex believes it can continue to restore its profitability in 2023 and expects:

- **Revenue** of Core Markets, to grow by high single-digits, consolidating the improvement realized in 2022 and further balancing its portfolio;
- **Adjusted EBITDA margin** for Core markets in a range of 8% to 10%, with cost inflation headwinds as from year start to be gradually offset as additional pricing is passed through and structural cost reduction measures continue to deliver;
- **Discontinued operations** to contribute positively to adjusted EBITDA and free cash flow;
- **Leverage** to reduce by year end from 6.4x to less than 4x, with improving profitability and cash flow discipline remaining a focus.

Portfolio developments

- Ontex entered into a binding agreement in July 2022 to sell its Mexican and related export activities to Softys S.A., marking a milestone in the transformation of Ontex. Net cash proceeds are estimated at approximately €250 million [2]. The closing is foreseen early Q2 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.
- The exploratory discussions with AIP have been discontinued. The board and management believe that the persistent macro-economic challenges currently outweigh the strong business rationale of a combination. They also believe that focusing on the stated strategy today and restoring profitable growth will deliver significant value for shareholders.

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

[2] Gross proceeds are valued at about €285 million, resulting in an estimated €250 million net proceeds, after deduction of taxes and transaction costs. Some €225 million is to be received at closing, the remainder is a deferred payment.

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 FY & Q4 2022 financials

Total Group

Key indicators in € million	Fourth Quarter 2022	2021	%	% LFL	Full Year 2022	2021	%	% LFL
Core Markets (continuing operations)								
Revenue	459.8	370.9	+24%	+20%	1,672.2	1,408.7	*+19%*	*+15%*
Adj. EBITDA	40.3	30.7	+31%		104.0	156.3	-33%	
Adj. EBITDA margin	8.8%	8.3%	*+0.5pp*		6.2%	11.1%	*-4.9pp*	
Emerging Markets (discontinued operations)								
Revenue	214.8	162.6	+32%	+22%	792.3	617.7	+28%	*+21%*
Adj. EBITDA	11.0	0.5	+2093%		31.7	15.9	+99%	
Adj. EBITDA margin	5.1%	0.3%	*+4.8pp*		4.0%	2.6%	*+1.4pp*	
Group (total)								
Revenue	674.6	533.5	*+26%*	*+20%*	2,464.5	2,026.4	*+22%*	*+17%*
Adj. EBITDA	51.2	31.2	*+64%*		135.7	172.2	*-21%*	
Adj. EBITDA margin	*7.6%*	*5.9%*	*+1.7pp*		*5.5%*	*8.5%*	*-3.0pp*	
Net financial debt [1]	867.4	725.5	*+20%*		867.4	725.5	*+20%*	
Leverage ratio [1]	*6.4x*	*4.2x*	*+2.2x*		*6.4x*	*4.2x*	*+2.2x*	

Key Financials in € million	Full Year 2022	2021	%
Group (total)			
Profit/(Loss) for the period	(270.3)	(61.9)	*+337%*
Basic EPS (in €)	(3.34)	(0.76)	*+336%*
Capex	(62.4)	(56.5)	*+10%*
Free Cash Flow	(54.4)	52.9	*-203%*
Core Markets (continuing operations)			
Adjusted profit/(loss) for the period	(50.1)	24.7	*-303%*
Adjusted EPS (in €)	(0.62)	0.30	*-303%*
Profit/(Loss) for the period	(148.7)	(19.5)	*+663%*
Basic EPS (in €)	(1.83)	(0.24)	*+662%*

Core Markets (continuing operations)

Revenue in € million	Fourth Quarter 2022	2021	%	% LFL	Full Year 2022	2021	%	% LFL
Baby Care	216.4	168.2	+29%	+23%	765.0	628.8	+22%	+17%
Adult Care	176.3	149.7	+18%	+14%	653.6	571.3	+14%	+12%
Feminine Care	59.7	44.5	+34%	+32%	222.0	180.8	+23%	+21%

Revenue in € million	2021	Volume/ mix	Price	2022 LFL	Forex	2022
Fourth Quarter	370.9	+22.4	+51.6	445.0	+14.9	459.8
Full Year	1,408.7	+100.2	+113.8	1,622.7	+49.5	1,672.2

Adj. EBITDA in € million	2021	Volume/ mix/price	Raw materials	Operating costs	Operating savings	SG&A / Other	Forex	2022
Fourth Quarter	30.7	65.2	-56.8	-17.5	14.5	1.2	3.0	40.3
Full Year	156.3	+164.4	-209.2	-70.9	+55.7	-0.7	+8.5	104.0

Full year 2022 business review

Revenue of Core Markets (continuing operations)

Revenue of Core Markets was €1,672 million, up 15% like for like, driven equally by volume and mix growth, and overall higher prices. Revenue in North America was up more than 20% like for like. **Forex** fluctuations added 4%, as a result of the year-on-year appreciation of the US dollar, Russian ruble and British pound, bringing revenue up 19% overall.

Volume and mix remained had a 7% impact, driven by strong market momentum supplemented by the contract gains secured in 2021 both in Europe and North America. As consumers seek better value-for-money alternatives, retailer brands gained share overall in Europe, especially in the second half of the year, when the overall market shrunk in volume, whereas retailer brands continued to grow.

Prices were up 8% on average, gradually increasing from 2% in the first quarter to 14% in the fourth quarter, supported by contract renegotiations. Additional pricing actions are being executed to respond to the persisting input cost inflation, which rose faster than pricing and which continues to rise.

In **baby care** revenue grew 17% like for like, based on volume growth and price increases. The retailer brand channel was favorable overall, with volume growth driven by baby pants, while diapers were largely stable. Ontex thereby outperformed both submarkets, especially on baby pants, where it outpaced at double the rate, benefitting from the success of its new Happyfit® platform and supporting production capacity increases. In **adult care** revenue growth continued, up 12% like for like, mostly from pricing. Growth in the institutional channel was more subdued, as price pass-through is contractually limited. Retail and on-line channels grew consistently double digit, however, as this segment grows with more attention for care at home. **Feminine care** products grew 21% like for like, both through volume and pricing.

Adjusted EBITDA of Core Markets (continuing operations)

Adjusted EBITDA of Core Markets was €104 million, down 33%, with revenue growth contributing 164 million and gross savings €55 million. While these were still more than offset by raw material and operating cost inflation of €(280) million in the year, they reversed the negative trend in Q4. **Forex** fluctuations had an €8 million positive impact as the increase of the US dollar, which negatively affected the cost base, was more than offset by the appreciation of other currencies, mainly the Russian ruble and the British pound. The **adjusted EBITDA margin** thereby dropped to 6.2%, 4.9pp lower year on year.

Cost inflation weighed heavily on the year-on-year comparison, with a negative impact of €(209) million from raw materials and €(71) million from operating costs. The overall cost base rose 22% due to inflation, especially on raw materials, where prices rose 26% year on year, mostly on super absorbent polymers. Compared to end 2020, leading indicators for oil-based raw materials had risen about 70% by the start of 2022 to exceed 100% during H1. While that increase has reduced to about 50% by the end of 2022, the impact remains significant. For fluff, the leading indicator continued to rise over the last two years to almost 90% by year end. As Ontex has been partly protected through contractually fixed purchasing prices, part of the increase will still flow through in the first quarter of 2023. Other operating costs rose similarly, including distribution costs, energy prices and wages, reflecting the inflationary environment.

Cost reduction measures delivered €55 million in gross savings, which represents 4.2% of the total cost base, thereby maintaining the momentum to reduce costs annually by about 4%. These consisted entirely of gross savings in operations. Continuous improvement of production efficiency, including lower scrap rates, were the main lever. These were helped by the footprint optimization, with the closure of the production plant in Mayen, Germany, during the first half of the year and the operations in Reidsville, US, in the second half. Despite a challenging supply environment, savings were also realized in the supply chain and design-to-value initiatives allowed to develop more cost-efficient product platforms. After last year's significant efforts, strict cost control continues to be applied in SG&A, allowing to offset inflation. Combined with revenue growth, this resulted in SG&A costs over revenue to drop to 9.1%, below the 10% target.

Total Group (including discontinued operations)

Discontinued operations, consisting of the Emerging Markets division generated a revenue of €792 million, up 21% like for like, driven almost entirely by pricing. Volumes were largely stable in Brazil and Mexico, where market growth was slower, whereas in the Middle East volumes continued to grow throughout the period. Forex effects added 7%, with the appreciation of the Mexican peso and Brazilian real more than offsetting the depreciation of the Turkish lira. Adjusted EBITDA came in at €32 million, doubling the 2021 figure, as revenue growth and savings exceeded cost inflation and forex. Inflation started impacting these markets earlier in 2021 and price increases were more rapidly implemented, given the preponderance of branded channels. The net forex effect was negative since the adverse impact of the US dollar appreciation on cost outweighed the forex gains in revenue. The adjusted EBITDA margin was 4.0%, increasing by 1.4pp.

Total Group revenue rose to €2,464 million, up 17% like for like, with pricing up 11% and volume and mix contributing 6%. Adjusted EBITDA was €136 million, a 21% decrease, as inflation impacted operating costs by €(392) million and SG&A costs by €(13) million, more than offsetting the revenue growth benefit of €299 million and the gross operating savings of €81 million. The adjusted EBITDA margin thereby dropped to 5.5%, down 3.0pp year on year.

Q4 2022 business review

Revenue of Core Markets (continuing operations)

Revenue of Core Markets was €460 million, up 20% like for like, including steady contribution from volume and mix and significantly higher prices. Positive **forex** fluctuations, with the year-on-year appreciation of the US dollar and Russian ruble, added 4%, bringing overall revenue growth to 24% year on year. With a 7% increase compared to Q3, this marks seven consecutive quarters of sequential growth.

The **volume and mix** increase of 6%, in line with the third quarter, was based on solid market momentum and the contract gains secured earlier in Europe and North America. Retail brands are gaining share in Europe, as consumers seek better value-for-money alternatives, notably in feminine and baby care.

Prices were up 14% on average versus last year, continuing the acceleration seen through the year starting from 2% in the first quarter.

In **baby care**, revenue grew 23% like for like compared to last year, with baby pants volume up some 30%, driving the growth of retailer brands, which outpace the overall market. In **adult care** revenue growth was 14% like for like, mostly driven by pricing and volume growth in retail channels. Price increases in adult care were relatively lower due to contract structure limitations in institutional healthcare channels. **Feminine care** revenue grew 32% like for like.

Adjusted EBITDA of Core Markets (continuing operations)

Adjusted EBITDA of Core Markets was €40 million, up 31% year on year, marking the first quarter of year-on-year recovery. Revenue growth contributed €65 million and gross savings €16 million to the year-on-year evolution, more than offsetting the adverse impact of raw material and operating cost inflation of €(74) million. **Forex** fluctuations had a €3 million positive net impact, with the appreciation of the Russian ruble offsetting the net negative cost impact of US dollar appreciation. Compared to Q3, adjusted EBITDA was up 68%, as prices were raised further, volume growth and savings delivery levels were maintained and cost inflation remained largely stable versus Q3. The **adjusted EBITDA margin** thereby recovered to 8.8%, up 0.5pp versus Q4 2021, and up 3.2pp sequentially versus Q3 2022, but still well below historic margins.

Cost inflation continued to impact the year-on-year comparison significantly, with a negative impact of €(57) million from raw materials and €(18) million from operating costs, largely similar to the year-on-year increase in the third quarter. Raw material costs were up significantly, mostly driven by non-indexed components of the price setting, such as energy, distribution and wage inflation. These also drove Ontex's own operating costs up significantly. The total cost base went up by 21% versus the fourth quarter of 2021.

Cost reduction measures contributed €16 million in gross savings. While gross operating savings of €14 million were in line with the previous quarter, SG&A costs were reduced quarter on quarter and year on year to 8.2% of revenue, despite wage inflation.

Total Group (including discontinued operations)

Discontinued operations, consisting of the Emerging Markets division, generated a revenue of €215 million, up 22% like for like compared with the last quarter of 2021, driven mostly by pricing, and a small positive impact of volume and mix coming from gains in the Middle East. Overall revenue growth was 32% year on year, thanks to positive forex fluctuations, with the higher Mexican peso and Brazilian real more than offsetting the lower Turkish lira. Adjusted EBITDA came in at €11 million, similar to the third quarter, and compares to €1 million in the fourth quarter of 2021. Revenue growth and savings more than compensated for cost inflation. The US dollar appreciation impact on cost offset the positive impact of forex on revenue. The adjusted EBITDA margin of 5.1%, is up 4.8pp versus 2021, and in line with the third quarter.

Total Group revenue thereby rose to €675 million, up 20% like for like compared to 2021. Prices were up 16% and volume and mix contributed 5%. Including forex fluctuations, revenue was up 26% year on year, and up 6% compared to the third quarter. Adjusted EBITDA was €51 million, a 64% year on year increase and 46% quarter-on-quarter. The revenue growth impact of €103 million and €21 million gross operating savings more than offset the cost inflation impact on raw materials, operating and SG&A costs of €(107) million combined. The adjusted EBITDA margin thereby was 7.6%, up 1.7pp year on year, and 2.1pp quarter on quarter.

2022 operational review

Investments

Ontex continues to invest in its operations. About 1/3rd of capex in 2022 was invested in capacity expansions, notably in adult care in Europe and baby care in North America. In July Ontex opened a new plant there in Stokesdale, North Carolina, complementing Ontex's plant in Tijuana, Mexico to supply the growing retailer and lifestyle brand channels in North America.

Operational excellence

Continuous delivery on operational cost reduction measures delivered €81 million, of which €56 million in continuing operations, allowing to reduce the raw materials and operating costs, prior to inflation, by 4.9% in 2022, up from 3.7% in 2021. These efforts require capital and operational expenditure as well as some restructuring costs, which were mostly taken in previous years. To optimize the manufacturing footprint, several production lines were moved across Ontex's operations and three plants were shut down. The production plants in Mayen, Germany, and in Ethiopia were closed in the first half, while the remaining lines in Reidsville, US, were discontinued in the second half, following the start-up of operations in Stokesdale. The scrap generation was reduced by a further 15% and Overall Equipment Efficiency (OEE) improved by 4pp. While service levels were still down on 2021 overall, caused by the disruption in the supply chain, they showed continuous improvement versus the end of 2021.

Innovation

In 2022 innovation represented some €20 million in operational and capital expenditure. The success of Ontex's innovation platform is demonstrated by the market uptake of its new baby pant platform Happyfit®. Developed in 2020, it was brought to the market in 2021 and represents the bulk of Ontex's growth in the baby care category in 2022. The product platform is now being further developed for swim pants. In baby diapers, the new absorption technology Climaflex® was launched end of 2021 and commercially deployed in 2022. This technology ensures comfort, protects the skin and ensures absorption even under extensive baby motion. In adult care, Ontex has developed a smart continence management service for elderly homes and hospitals in Europe under the brand Orizon®. In 2022 field studies across Europe received enthusiastic reception of the concept. The commercial deployment is foreseen in 2023.

2022 sustainability review

Safety [1]

Ontex takes the safety of its employees at heart. The accident frequency rate was 3.78 accidents per million worked hours. While improving versus 2020, this marks a step-back compared to 2.96 in 2021. Ontex has put in place the necessary action plans to bring the trend back within its ultimate ambition to a zero accident work environment.

Climate change [1]

In 2022 Ontex managed to further reduce its scope 1 and scope 2 emissions by 47% versus 2020, compared to 41% in 2021, and is working out the steps needed to improve its scope 3 emissions. Ontex commits to achieving carbon-neutral operations by 2030, reducing its own greenhouse gas emissions by 80% by 2030, through energy savings, on-site renewable energy production as well as purchasing energy from renewable sources and carbon offsets. The company also has the ambition to cut the emissions of its global supply chain by 25% by 2030. In October, Ontex activated a large solar power installation in Italy, which will produce more than 10GWh of electricity per year. The company is opening solar power installations in Europe and the Americas to produce more energy on-site and achieve carbon-neutral operations by 2030. Ontex's factories in Italy and seven other European countries now run on 100% renewable electricity. In June 2022, the Science-Based Targets Initiative (SBTI) approved Ontex's climate action plan. In December 2022, Ontex received a top A-rating for leadership in corporate transparency and performance on climate change from the global non-profit Carbon Disclosure Project (CDP).

Sustainable supply chain [1]

The sustainable supply chain was further reenforced. The vast majority of wood-based raw materials are 100% certified or controlled and more than 90% of cotton is organic, and in 2022 more than 95% of suppliers signed Ontex's Supplier Code of Conducts. Gradually, Ontex is boosting its circular product & packaging solutions. The amount of manufacturing waste recycled in the year was 92%. In May 2022 Ontex renewed its support to Woosh, a Belgian startup that aims to make diaper recycling a reality in Ontex's home country. Together with waste companies Woosh aims to set up the first diaper recycling facility in Belgium. Eco and health labels on products remained largely stable at close to half of sales.

[1] Preliminary figures

2022 financial review

P&L

Depreciation was up 7% at €(70) million, reflecting the continued investments in growth and some forex fluctuations.

EBITDA adjustments totalled €(103) million, and consist mainly of a €(92) million non-cash impairments. This was mostly related to the €(84) million goodwill impairment on the Russian assets in June. As the continuity of the Russian operations and the associated financial transactions remains uncertain, the Group had decided to separate and then impair a portion of goodwill allocated to its Russian business. Restructuring costs represented €(11) million, covering primarily the further European footprint optimisation.

The **net finance cost** was €(51) million, some €9 million higher than in 2021. The increase reflects the higher average interest rate following the issuance in July 2021 of a €580 million bond at a 3.5% fixed rate, and the impact of the rising Euribor on the floating rate debt, especially in the second half of the year.

The **income tax** was €(28) million, mainly due to the geographical mix, certain losses than cannot be recognized, such as the impairment on the Russian activities, and some previously recognized deferred tax assets which were derecognized.

Discontinued operations booked a loss of €(122) million, compared to €(42) million in 2021. The adjusted EBITDA was €32 million and includes a €(4) million bad debt provision for certain receivables in Brazil. EBITDA adjustments were €(123) million, consisting mainly of non-cash goodwill impairment of €(76) million on the Mexican assets, following their agreed divestment, and of €(33) million on the Turkish assets, which corresponds to the hyperinflation impact on these. The remainder was related to restructuring charges and M&A costs. Financial and tax charges were €(20) million and €(11) million respectively.

Adjusted **profit/loss** from continuing operations was €(51) million, compared to €25 million in 2021, reflecting the lower adjusted EBITDA, and the higher financial and tax charges. Including the impact of adjustments and the contribution of discontinued operations the loss for the period was €(270) 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 €(0.62) compared to €0.30 in 2021. Basic earnings per share were €(3.34), compared to €(0.76) in 2021.

Cash

Capital expenditure was €(62) million, slightly up versus €(57) million in 2021. The pace of 2.5% of revenue remains low but consists for 2/3rd of investments in expansion, innovation and cost reduction measures. Strict capital management continues to be applied in the current challenging business conditions, but is expected to increase in the future to support further value creating initiatives.

Free cash flow (after-tax) outflow was €(54) million, compared to an inflow of €53 million in 2021, mainly as a result of lower EBITDA and the increase in working capital needs of €(46) million. Capex and lease payments, net of disposal proceeds, were €(83) million combined. The cash impact of restructuring costs and other adjustment to EBITDA was €(37) million. Cash taxes were slightly higher at €(25) million. The improving EBITDA in the second half of the year resulted in a positive free cash flow of €4 million, compared to €(59) million in the first half.

Balance sheet

Working capital for the total Group at the end of the period was €178 million, a €47 million increase versus the end of 2021. The increase is largely attributable to continuous revenue increase throughout the year. Although working capital over revenue of the last 3 months was 6.6% at the end of the period versus 6.1% in December 2021, this hides an improvement in days of outstanding receivables and inventory. The working capital includes monetization of accounts receivables through factoring for €192 million, versus €163 million at the end of 2021.

Net financial debt of the total Group was €867 million at the end of the period including lease liabilities of €138 million. The €142 million increase over the year, includes the negative free cash flow of €(54) million, net interest payments of €(43) million and other financing outflow of €(18) million. The latter are mainly related to costs from the term loan negotiations concluded in February 2022, and hedging costs. Non-cash changes of €(27) million resulted from the increase in lease liabilities, mainly linked to the start-up of production in the US and Poland. At the end of the year Ontex had drawn €115 million from its €250 million revolving credit facility. This mainly covers temporary mismatches in the geographical cash distribution of the €209 million cash position. The leverage ratio was 6.4x at the end of the period, compared to 4.2x at the year start, as debt increased and adjusted EBITDA decreased. Over the last quarter a significant improvement was recorded compared to 7.7x at the end of September. This resulted from the strong adjusted EBITDA improvement and the decrease in net financial debt, from €895 million at the end of September with an improvement in net working capital use.

As from 2022, the Emerging Markets activities are reported as **assets held for sale**, representing most of the €662 million in assets. After deduction of related liabilities, the net value was €412 million.

Consolidated financial information of the year

Consolidated income statement

in € million	Full Year 2022	Full Year 2021*
Revenue	1,672.2	1,408.7
Cost of sales	(1,294.7)	(1,007.0)
Gross Profit	**377.5**	**401.7**
Distribution expenses	(191.3)	(153.4)
Sales and marketing expenses	(82.1)	(83.1)
General administrative expenses	(75.6)	(67.6)
Other operating income/(expenses), net	5.1	(7.0)
Income and expenses related to changes to Group structure	(11.2)	(34.2)
Income and expenses related to impairments and major litigations	(91.8)	(25.5)
Operating profit/(loss)	**(69.4)**	**30.9**
Finance income	0.8	0.6
Finance costs	(49.3)	(39.6)
Net exchange differences relating to financing activities	(2.4)	(2.5)
Net finance cost	**(50.9)**	**(41.5)**
Profit/(loss) before income tax	**(120.3)**	**(10.6)**
Income tax expense	(28.4)	(8.9)
Profit/(loss) for the period from continuing operations	**(148.7)**	**(19.5)**
Profit/(loss) for the period from discontinued operations	**(121.6)**	**(42.4)**
Profit/(loss) for the period	**(270.3)**	**(61.9)**
Profit/(loss) attributable to:		
Owners of the parent	(270.3)	(61.9)
Non-controlling interests	-	-
Profit/(loss) for the period	**(270.3)**	**(61.9)**

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

in €	Full Year 2022	Full Year 2021
For continuing operations		
Basic earnings per share	(1.83)	(0.24)
Diluted earnings per share	(1.83)	(0.24)
For continuing and discontinued operations		
Basic earnings per share	(3.34)	(0.76)
Diluted earnings per share	(3.32)	(0.76)
Weighted average number of ordinary shares outstanding during the period	81,030,032	80,950,106

Consolidated statement of financial position

ASSETS in € million	December 31, 2022	December 31, 2021
Non-current Assets		
Goodwill	797.9	1,039.9
Intangible assets	32.7	45.8
Property, plant and equipment	420.1	573.4
Right-of-use assets	110.1	102.0
Deferred tax assets	12.1	19.7
Non-current receivables	0.3	3.5
	1,373.3	**1,784.4**
Current Assets		
Inventories	264.3	358.7
Trade receivables	191.8	269.8
Prepaid expenses and other receivables	36.8	69.2
Current tax assets	5.0	15.0
Derivative financial assets	12.1	5.3
Other financial assets	0.4	0.3
Cash and cash equivalents	149.1	246.7
Assets classified as held for sale	661.7	-
	1,321.3	**965.1**
TOTAL ASSETS	**2,694.5**	**2,749.4**

EQUITY AND LIABILITIES in € million	December 31, 2022	December 31, 2021
Equity attributable to owners of the company		
Share capital & premium	1,208.0	1,208.0
Treasury shares	(34.2)	(36.3)
Cumulative translation reserves	(301.9)	(333.1)
Retained earnings and other reserves	(13.4)	207.8
TOTAL EQUITY	**858.4**	**1,046.3**
Non-current liabilities		
Employee benefit liabilities	13.5	22.0
Interest-bearing debts	891.7	885.2
Deferred tax liabilities	21.3	22.5
Other payables	0.4	0.2
	926.9	**929.9**
Current liabilities		
Interest-bearing debts	145.4	87.0
Derivative financial liabilities	15.0	4.1
Trade payables	405.3	532.6
Accrued expenses and other payables	22.6	39.0
Employee benefit liabilities	40.4	46.2
Current tax liabilities	23.0	31.8
Provisions	8.0	32.6
Liabilities related to assets classified as held for sale	249.6	-
	909.2	**773.2**
TOTAL LIABILITIES	**1,836.1**	**1,703.2**
TOTAL EQUITY AND LIABILITIES	**2,694.5**	**2,749.4**

Consolidated statement of cash flows

	Full Year	
in € million	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	**(270,3)**	**(61,9)**
Adjustments for:		
Income tax expense	39,2	19,0
Depreciation and amortization	70,4	87,7
Impairment losses and items relating to investing activities	201,0	41,0
Provisions (including employee benefit liabilities)	(20,1)	15,4
Change in fair value of financial instruments	1,9	(2,4)
Net finance cost	70,8	42,7
Changes in working capital:		
Inventories	(11,3)	(39,2)
Trade and other receivables and prepaid expenses	(46,9)	(1,4)
Trade and other payables and accrued expenses	12,6	56,4
Employee benefit liabilities	5,8	(6,4)
Cash from operating activities before taxes	**53,2**	**150,9**
Income taxes paid	(24,9)	(20,6)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**28,3**	**130,3**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(62,4)	(56,5)
Proceeds from disposal of property, plant and equipment and intangible assets	4,6	1,9
Payment for (or Proceeds related to) acquisition of subsidiary, net of cash acquired	0,0	80,0
Commitments from business combinations	-	-
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(57,7)**	**25,3**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	133,2	799,3
Repayment of borrowings	(81,7)	(1.125,0)
Interests paid	(46,1)	(26,8)
Interests received	3,0	2,5
Cost of refinancing & other costs of financing	(7,2)	19,7
Realized foreign exchange (losses)/gains on financing activities	(3,7)	0,3
Derivative financial assets	(7,0)	(2,4)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(9,5)**	**(332,4)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(38,9)**	**(176,8)**
Effects of exchange rate changes on cash and cash equivalents	1,0	(6,7)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**246,7**	**430,1**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**208,7**	**246,7**
Of which presented as part of Assets classified as held for sale	59,7	-

Notes to the financial statement

Note 1 Legal status

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

Note 2 Summary of significant accounting policies

Basis of preparation

The accounting policies used to prepare the financial statements for the period from January 1, 2022 to December 31, 2022 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2021 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented. The amounts in this document are presented in € millions, unless noted otherwise, for reasons of transparency. This may give rise to rounding differences in the tables presented in the report.

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.

Liquidity situation

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. For the full year 2022 the debt covenants related to the available credit facilities have been renegotiated and replaced by a liquidity covenant which the Group complied with. Management has prepared detailed budgets and cash flow forecasts for the next years, which reflect the strategy of the Group, and acknowledges that uncertainty remains in these cash flow forecasts, but the Company is confident that it will meet it's financial covenants on March 31, June 30 and December 31 2023. While there may be limited headroom on reaching these covenants, the Group is currently in early, preliminary discussions with the banks to discuss the facility extension, currently maturing mid-2024 and will address potential limited headroom at the same time.

Note 3 Events after the end of the reporting period

No significant events occurred after the reporting period.

Note 4 Auditors Report

The statutory auditor has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.

Note 5 Alternative Performance Measures

Alternative performance measures (non-GAAP) are used in this press release 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 Ontex's operating results, performance or liquidity under IFRS.

Like-for-like (LFL) growth and revenue

Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or M&A and hyperinflation impacts. The reconciliation of like-for-like revenue can be found on page 3 at the start of this document.

EBITDA and Adjusted EBITDA and related margins

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA plus EBITDA adjustments. EBITDA and Adjusted EBITDA margins are EBITDA and Adjusted EBITDA divided by revenue.

EBITDA adjustments are made for Income and expenses that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Group. These income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalized performance of the Company, and relate to:

- acquisition-related expenses;
- changes to the measurement of contingent considerations in the context of business combinations;
- changes to the Group structure, business restructuring costs, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of factories;
- impairment of assets and major litigations.

In the consolidated income statement these EBITDA adjustments are composed of the following items:

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

		Fourth Quarter			Full Year					
		2022			2022			2021		
in € million		**Cont. Ops.**	**Discon. Ops.**	**Total group**	**Cont. Ops.**	**Discon. Ops.**	**Total Group**	**Cont. Ops.**	**Discon. Ops.**	**Total Group**
Revenue	a	459.8	214.8	674.6	1,672.2	792.3	2,464.5	1,408.7	617.7	2,026.4
Operating profit/(loss)	b	11.7	(42.3)	(30.6)	(69.4)	(90.9)	(160.3)	30.9	(31.1)	(0.2)
Depreciation and amortization	c	(18.1)	(0.0)	(18.1)	(70.4)	-	(70.4)	(65.7)	(22.0)	(87.7)
EBITDA	**d = b-c**	**29.8**	**(42.3)**	**(12.5)**	**1.0**	**(90.9)**	**(89.9)**	**96.6**	**(9.1)**	**87.5**
EBITDA adjustments	g	10.5	53.2	63.7	103.0	122.6	225.6	59.7	25.1	84.7
Adjusted EBITDA	**h = d+g**	**40.3**	**11.0**	**51.2**	**104.0**	**31.7**	**135.7**	**156.3**	**15.9**	**172.2**
Adjusted EBITDA margin	*i = h/a*	*8.8%*	*5.1%*	*7.6%*	*6.2%*	*4.0%*	*5.5%*	*11.1%*	*2.6%*	*8.5%*

Adjusted profit and adjusted EPS

Adjusted Profit (or Adjusted Basic Earnings) is defined as profit for the period including EBITDA adjustments and the tax effect of these adjustments, attributable to the owners of the parent. Adjusted EPS is Adjusted Profit divided by the weighted average number of ordinary shares.

		Full Year	
in € million		**2022**	**2021**
Profit/(loss) for the period from continuing operations	j	(148.7)	(19.5)
EBITDA adjustments	g	103.0	59.7
Tax correction	k	(4.4)	(15.5)
Adjusted profit/(loss) for the period from continuing operations	**l = j+g+k**	**(50.1)**	**24.7**
Adjusted basic earnings per share from continuing operations	m = l/o	(0.62)	0.30
Weighted average number of ordinary shares outstanding during the period (in million)	o	81.03	80.95

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.

in € million		Full Year 2022	2021
EBITDA	**d**	**(89.9)**	**87.5**
Non-cash items and items relating to investing and financing activities	q	182.8	54.0
Change in working capital	r	(45.5)	15.8
Employee benefit liabilities	s	5.8	(6.4)
Cash from operating activities before taxes	**t = d+q+r+s**	**53.2**	**150.9**
Income taxes paid	u	(24.9)	(20.6)
Net cash generated from operating activities	**v = t+u**	**28.3**	**130.3**
Capex	w	(62.4)	(56.5)
Cash (used in)/from on disposal	x	4.6	1.9
Repayment of lease liabilities	y	(25.0)	(22.7)
Free Cash Flow	**z = v+w+x+y**	**(54.4)**	**52.9**

Net financial debt and leverage ratio

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents. The leverage ratio is defined as the net financial debt divided by the adjusted EBITDA for the last twelve months (LTM).

in € million		December 31, 2022			December 31, 2021
		Cont. Ops.	Discon. Ops.	Total Group	Total Group
Non-current interest-bearing debts	A	891.7	16.8	908.5	885.2
Current interest-bearing debts	B	145.4	22.2	167.6	87.0
Cash and cash equivalents	C	149.1	59.7	208.7	246.7
Net financial debt (cash)	**D = A+B-C**	**888.1**	**(20.7)**	**867.4**	**725.5**
Leverage ratio	*E = D/h*			*6.4x*	*4.2x*

Working capital and net working capital / revenue

Working capital calculated by adding current inventories, trade receivables and prepaid expenses and other receivable and deducting trade payables and accrued expenses and other payables. The net working capital to revenue ratio is defined as the working capital divided by the annualized revenue for the last three months.

in € million		December 31, 2022			December 31, 2021
		Cont. Ops.	Discon. Ops.	Total Group	Total Group
Inventories	F	264.3	116.1	380.4	358.7
Trade receivables	G	191.8	115.4	307.2	269.8
Prepaid expenses and other receivables	H	36.8	53.8	90.7	69.2
Non-current receivables	I	0.3	0.5	0.8	3.5
Trade payables	J	405.3	154.1	559.4	532.6
Accrued expenses and other payables	K	22.6	19.6	42.2	39.0
Total Net Working Capital	**L = F+G+H+I-J-K**	**65.4**	**112.1**	**177.5**	**129.6**
Working capital / sales (L3M)	*M = L/a (L3M)*			*6.6%*	*6.1%*

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 twelve months ended December 31, 2022 was authorized for issue in accordance with a resolution of the Board on February 28, 2023.

Audio webcast

Management will host an audio webcast for investors and analysts on March 1, 2023 at 13:00 CET / 12:00 GMT. 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/20230301_1

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

Financial calendar

→ **May 4, 2023**	Q1 2023 results
→ **May 5, 2023**	AGM
→ **July 28, 2023**	Q2 & H1 2023 results
→ **October 27, 2023**	Q3 2023 results
→ **February 28, 2024**	Q4 & FY 2023 results

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About Ontex

Ontex is a leading international provider of personal hygiene solutions, with expertise in baby care, feminine care and adult care. Ontex's innovative products are distributed in more than 110 countries through leading retailer brands, lifestyle brands and Ontex brands. Employing some 9,000 people all over the world, Ontex has a presence in 21 countries, with its headquarters in Aalst, Belgium. Ontex is listed on Euronext Brussels and is part of the Bel Mid®. To keep up with the latest news, visit ontex.com or follow Ontex on LinkedIn, Facebook, Instagram and YouTube.