



## FREE TRANSLATION

### STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ONTEX GROUP NV ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of Ontex Group NV (the "Company"). This report includes our report on the annual accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 25 May 2020, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the Company's annual accounts for 9 consecutive years.

#### Report on the annual accounts

##### *Unqualified opinion*

We have performed the statutory audit of the Company's annual accounts, which comprise the balance sheet as at 31 December 2022, and the profit and loss account for the year then ended, and the notes to the annual accounts, characterised by a balance sheet total of EUR 3,031,285,919 and a profit and loss account showing a loss for the year of EUR 244,962,844.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2022, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

##### *Basis for unqualified opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory Auditor's responsibilities for the audit of the annual accounts*" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### ***(1) Going concern and liquidity situation***

##### ***Description of the Key Audit Matter***

Both in 2022 and in 2021 Ontex Group incurred a loss. Also, on a consolidated basis Ontex Group NV incurred a loss of the year of EUR 270.3 million and profitability and cash flow generation were significantly impacted by the unprecedented raw materials and operating cost inflation.

As set out in the free disclosure in Note C-cap 6.19, the debt covenants related to the available credit facilities have been renegotiated for the full year 2022 and replaced by a liquidity covenant which the Company complied with. Management has prepared detailed budgets and cash flow forecasts, which reflect the strategy of the Group. Management is confident that the Company will operate within the limits of the covenant on March 31, June 30 and December 31, 2023, while recognising that the headroom may not be significant. This confidence is strengthened by the business performance of the Group so far in the year and the continued progress made in the divestment of the Mexican assets, with closing expected in the second quarter. Moreover, the Company is currently in discussions with the banks to discuss the revolving credit facility extension, currently maturing mid-2024, and will address conditions that meet the financing needs of the Company.

We consider this matter to be of most significance because of the complexity of the assessment process and the significant judgments in respect of assumptions used about the future results of the business and the related cash flow forecasts.

##### ***How our Audit addressed the Key Audit Matter***

We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern. We checked the banking agreement for the terms of the financing facilities and agreed these facilities to management's cash flow forecasts. We verified consistency with the Board's approved budgets, which were subject to timely oversight and challenge by the Directors. We have critically assessed the historical accuracy of management's estimates and evaluation of business plans by comparing the prior year's forecast with the Group's actual performance. We tested the calculation method used and the accuracy thereof. We obtained management's plausible up and downside scenario and discussed the assumptions that were applied in order to understand the rationale and the appropriateness of those assumptions. We assessed the availability of liquid resources under different scenarios modelled by management, and the associated covenant test applied. We included a business recovery specialist in our team to assist us with these procedures. We also assessed the adequacy of the disclosure in note C-Cap 6.19 in the financial statements.



### *Our results*

We found the assumptions used by the directors to be appropriately reflected in the cash flow forecasts and the disclosures to be appropriate.

### (2) Impairment testing on participations in affiliated companies

#### *Description of the key audit matter*

The participations in affiliated companies of Ontex Group NV as at 31 December 2022 consist of a participation in Ontex BV for an amount of EUR EUR 1.687,1 million. The company recognised an impairment loss on this participation of EUR 220,9 million in 2022.

We consider the impairment testing on participations in affiliated companies as most significant to our audit because of the fact that they represent a substantial amount of the total assets and the impairment charge caused the majority of the loss of the year. Additionally, such impairment assessment involves significant judgement by management, with respect to the future results and cash flow generation of the Core business and the fair value less costs to sell of the entities held for sale.

#### *How our audit addressed the key audit matter*

For the evaluation of the impairment testing on the participation in Ontex BV, we have obtained management's assessment whereby the value in use of the Core business and the fair value less costs to sell of the assets held for sale has been considered.

In evaluating management's impairment assessment, we focused on the reasonableness and impact of key assumptions including cash flow forecasts of Ontex BV and its subsidiaries, discount rate, long term growth rate of revenue, operating margin, working capital- and CAPEX percentages and expected sales price less costs to sell of assets held for sale.

In assessing the reasonableness of the assumptions used by management we involved our internal valuation experts. Additionally, we have assessed whether the valuation models used have been consistently applied as part of the overall financial closing process.

Whilst recognizing that cash flow forecasting and impairment assessment are all inherently judgmental, we found that the assumptions used by management, in evaluating whether a permanent reduction in value exists and the recognised impairment loss are reasonable.

### ***Responsibilities of the board of directors for the preparation of the annual accounts***

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



### ***Statutory auditor's responsibilities for the audit of the annual accounts***

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the annual accounts in Belgium. A statutory audit does not provide any assurance as to the Company's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the board of directors and the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors and the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### **Other legal and regulatory requirements**

#### ***Responsibilities of the board of directors***

The board of directors is responsible for the preparation and the content of the directors' report, the separate report on non-financial information of the documents required to be deposited by virtue of the legal and regulatory requirements as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' and Associations' Code and the Company's articles of association.

#### ***Statutory auditor's responsibilities***

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report, the separate report on non-financial information certain documents required to be deposited by virtue of legal and regulatory requirements, as well as compliance with the articles of association and of certain requirements of the Companies' and Associations' Code, and to report on these matters.

#### ***Aspects related to the directors' report***

In our opinion, after having performed specific procedures in relation to the directors' report, the directors' report is consistent with the annual accounts for the year under audit, and it is prepared in accordance with the articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information is included in a separate report of the directors report which is part of the integrated annual report 2022. This report of non-financial information contains the information required by virtue of article 3:6, §4 of the Companies' and Associations' Code, and agrees with the annual accounts for the same year. The Company has prepared the non-financial information, based on the Global Reporting Initiative Standards and with reference to the Sustainable Development Goals. However, in accordance with article 3:75, §1, 6° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative Standards and with reference to the Sustainable Development Goals.



### ***Statement related to the social balance sheet***

The social balance sheet, to be deposited in accordance with article 3:12, §1, 8° of the Companies' and Associations' Code, includes, both in terms of form and content, the information required under this Code, including, but not limited to, in relation to salaries and education, and does not present any material inconsistencies with the information we have at our disposition in our engagement.

### ***Statement related to independence***

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the annual accounts and our registered audit firm remained independent of the Company in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the annual accounts.

### ***Other statements***

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code that we have to report to you.
- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Ghent, 31 March 2023

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

Lien Winne  
Réviseur d'Entreprises / Bedrijfsrevisor