Press release
Regulated information
February 8, 2024 – 07:00 CET

2023 full year results: Solid EBITDA recovery and deleveraging to continue in 2024

- Full year adj. EBITDA [1] of €174M, up 67%, marking 6 consecutive quarters of improvement, supported by 10% LFL revenue [1] growth and margin improvement of 3.5pp to reach 9.7%, with cost transformation program delivering 5% operating savings for the 2nd consecutive year;
- Strong cash flow generation, allowing for self-funded 55% capex increase to invest in the Group's transformation, and resulting in positive FCF after financing [2] of €9M;
- Basic EPS at €0.43 per share representing a significant turnaround since 2020;
- Leverage nearly halved over the year from 6.4 times to 3.3 times;
- 2024 revenue [1] expected to grow by low single-digit LFL, adj. EBITDA [1] margin to increase to 11%-12%, and FCF after financing [2] to improve further, resulting in debt leverage reduction to below 3.0 times by year end.

CEO quote

Gustavo Calvo Paz, Ontex's CEO, said "*We accelerated our 3-year transformation plan over the past year and I am very pleased with the excellent momentum achieved and the encouraging results delivered in 2023. The solid level of activity, and continued delivery on the cost transformation program, all contributed to positive EPS and free cashflow for the first time in several years. This marks a major milestone for the Group, and is a huge credit to the Ontex team to deliver on our commitments. The solid improvement in our financial performance and cashflow generation allowed us to ramp up our investments for future growth, innovation and further efficiency gains. Our momentum puts us well on track to restoring value creation for all our stakeholders, whom I would like to thank for their support as we continue our journey.*"

FY results

- **Revenue** [1] totaled €1,795 million, a 10% like-for-like improvement, driven by a 9% price increase. The strategic rebalancing of the portfolio led to double digit growth in selected categories, while overall volumes remained stable. Including a 2% adverse forex effect, revenue was up 7% year on year.
- **Adjusted EBITDA** [1] increased to €174 million, up 67%, thanks to volume mix improvement of €5 million and the cost transformation program delivering €72 million, which reduced the operating cost base by 5% for a second consecutive year. The €156 million pricing nearly offset additional input costs, SG&A inflation and the €43 million adverse forex impact. The adjusted EBITDA margin rose to 9.7%, up 3.5pp. After deduction of €(71) million depreciation and €(15) million restructuring costs, the operating profit recovered to €88 million, compared to a loss of €(69) million a year ago.
- **Total Group** revenue was €2,342 million, up 10% like for like, including €547 million from the discontinued Emerging Markets. These were up 11% like for like, excluding adverse forex and adjusting for the Mexican business activities divested in May. Strong pricing more than offset a slight volume and mix reduction. Total Group adjusted EBITDA was €223 million, up 65% year on year. Emerging Markets contributed €49 million, with a positive impact from volume mix, strong pricing and operating efficiency gains more than offsetting input cost and SG&A inflation.
- **Profit for the year** was €35 million, €27 million from continuing operations and €8 million from discontinued operations. Basic earnings per share thereby turned positive at €0.43.
- **Free cash flow after financing** [2] turned positive at €9 million, compared to €(115) million in 2022, with EBITDA growth allowing to finance further investments in the Group's transformation, with capex of €96 million, up 55%, and €36 million working capital increase over the year.
- **Net financial debt** reduced by 23% over the year to €665 million, including the net proceeds received from the divestment of the Mexican activities. The adjusted EBITDA improvement drove the leverage ratio down from 6.4 times at the start of the year to 3.3 times at the end.

Q4 results

- **Revenue** [1] was €446 million, stable like for like. Prices came down slightly since the second quarter, reflecting decreased raw material costs. Year on year, however, prices were still up 3%. Although volumes, including mix effects, were 3% down compared to a strong last quarter of 2022, growth in selected categories continued. Overall revenue came in lower at 3% on adverse forex.
- **Adjusted EBITDA** [1] was €47 million, up 16% year on year and 7% quarter on quarter, driven by continued delivery on the cost transformation program for €17 million. The €14 million higher prices nearly compensated for adverse forex and cost inflation. Raw materials price decreases had a positive impact of €8 million, but were more than offset by the inflation of other operating costs of €13 million and SG&A costs of €7 million. Forex fluctuations had a €9 million adverse impact. The adjusted EBITDA margin recovered to 10.4%, up 1.7pp year on year, and up 0.9pp quarter on quarter. After deduction of €(4) million restructuring costs, and €(19) million depreciation, the operating profit was €23 million.
- **Total Group** revenue was €545 million, stable like for like versus 2022, and includes €99 million from the discontinued Emerging Markets. These were up 2% like for like, as pricing more than offset a slight volume and mix reduction. Total Group adjusted EBITDA was €58 million, up 14% year on year, and stable quarter on quarter. Emerging Markets contributed €12 million, up 8%, with a positive impact from volume mix, pricing and operating efficiency. Lower raw material costs more than offset further other operating cost inflation.

Outlook

Based on solid delivery in 2023, as well as the building blocks put in place to further support the Group's structural transformation, Ontex's management is confident to continue the Group's profitability restoration in 2024 and expects:

- **Revenue** [1] to grow by low single-digit like for like, supported by strong double-digit growth in North America, while managing prices in function of input costs and market dynamics;
- **Adjusted EBITDA margin** [1] to improve to within a range of 11% to 12%, based on continued delivery of the cost transformation program;
- Further progress on divesting the remaining **discontinued operations** of Emerging Markets activities, which meanwhile are to contribute positively to adjusted EBITDA and free cash flow;
- **Free cash flow after financing** [2] to improve further above €9 million in 2023, while self-funding the accelerated Group transformation through investments, which are anticipated to be in excess of 6% of revenue in Core Markets;
- **Leverage ratio** to reduce further by year end to below 3.0 times the adjusted EBITDA of the last twelve months.

[1] Reported P&L figures, except for profit, represent continuing operations, i.e. Core Markets, only. As from 2022, Emerging Markets, are reported as discontinued operations, following the strategic decision to divest these businesses.

[2] The free cash flow definition used, i.e. free cash flow after financing, differs from the previous one, i.e. free cash flow before financing. It encompasses free cash flow from the total Group. The exact definition can be found further in the financial notes to this document.

Unless otherwise indicated, all comments in this document 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 down in the financial notes to this document.

Key full year & Q4 2023 figures

Business results

Business results in € million	Fourth Quarter 2023	Fourth Quarter 2022	Fourth Quarter %	Fourth Quarter % LFL	Full Year 2023	Full Year 2022	Full Year %	Full Year % LFL
Core Markets (continuing operations)								
Revenue	446.0	459.8	*-3%*	*+0%*	1,794.7	1,672.2	*+7%*	*+10%*
Baby Care	191.2	216.4	-12%	*-9%*	790.0	765.0	+3%	*+5%*
Adult Care	191.5	176.3	+9%	*+13%*	736.4	653.6	+13%	*+16%*
Feminine Care	57.3	59.7	-4%	*-3%*	241.3	222.0	+9%	*+9%*
Adj. EBITDA	46.5	40.3	+16%		173.9	104.0	+67%	
Adj. EBITDA margin	*10.4%*	*8.8%*	*+1.7pp*		*9.7%*	*6.2%*	*+3.5pp*	
Operating profit/(loss)	23.5	11.7	+101%		88.3	(69.4)	+227%	
Emerging Markets (discontinued operations) [1]								
Revenue	98.7	214.8	-54%	*+2%*	546.8	792.3	-31%	*+11%*
Adj. EBITDA	11.8	11.0	+8%		49.4	31.7	+56%	
Adj. EBITDA margin	*12.0%*	*5.1%*	*+6.9pp*		*9.0%*	*4.0%*	*+5.0pp*	
Operating profit/(loss)	12.8	(42.3)	+130%		22.3	(90.9)	+125%	
Total Group [1]								
Revenue	544.7	674.6	*-19%*	*+0%*	2,341.5	2,464.5	*-5%*	*+10%*
Adj. EBITDA	58.3	51.2	*+14%*		223.3	135.7	*+65%*	
Adj. EBITDA margin	*10.7%*	*7.6%*	*+3.1pp*		*9.5%*	*5.5%*	*+4.0pp*	
Operating profit/(loss)	36.2	(30.6)	+218%		110.6	(160.3)	+169%	

Financial results

Financial results in € million	Full Year 2023	Full Year 2022	Full Year %
Profit/(loss) for the period from continuing operations	26.9	(148.7)	+118%
Profit/(loss) for the period from discontinued operations	7.9	(121.6)	+106%
Profit/(Loss) for the period	34.8	(270.3)	+113%
Basic EPS (in €)	0.43	(3.34)	+113%
Capex	(96.5)	(62.4)	-55%
Free cash flow after financing	9.1	(115.5)	+108%
Net financial debt [2]	665.3	867.4	-23%
Leverage ratio [2]	*3.3x*	*6.4x*	*-3.1x*

Core Markets (continuing operations) year on year evolution

Revenue in € million	2022	Vol/ mix	Price	2023 LFL	Forex	2023
Fourth Quarter	459.8	-13.6	+13.8	460.0	-14.1	446.0
Full Year	1,672.2	+5.4	+156.1	1,833.7	-39.0	1,794.7

Adj. EBITDA in € million	2022	Vol/ mix/price	Raw materials	Operating costs	Operating savings	SG&A/ Other	Forex	2023
Fourth Quarter	40.3	+11.4	+7.5	-13.3	+16.8	-6.9	-9.3	46.5
Full Year	104.0	+161.5	-66.7	-44.5	+72.3	-9.8	-42.9	173.9

[1] Emerging Markets and Total Group year-on-year comparison is affected by the divestment of the Mexican business activities as of May 2023. The LFL comparison is corrected for this scope reduction.

[2] Balance sheet data are compared to start of the period, i.e. December 2023 versus December 2022.

Full year 2023 business review of continuing operations

Revenue of Core Markets

Revenue was €1,795 million, a 10% like-for-like improvement, driven by price increases across all categories. In a generally lower market, volumes were stable and grew in selected categories, such as pants. In adult care revenue growth was 16% like for like, with strong growth in the healthcare channel. Baby care revenue grew 5% like for like and feminine care 9%, both on pricing. Including the adverse forex effect, revenue was up 7%.

Volume and mix was overall stable. In Europe, lower overall demand for baby care was offset by retail brand share gains, owing to consumers shifting to better value-for-money alternatives. In feminine care market share gains by retailer brands led to growth, whereas the overall demand was slightly down. Demand for adult care products continued to grow, both for branded products and for retail brands. Ontex European sales volumes were overall in line with the retail brand trends, but outperformed in baby pants, and realized strong growth in the healthcare channel. In North America demand for retail brands decreased more than the overall market. Ontex sales volumes in North America were in line with the market, as new contract gains in the second half offset softer sales in the first half, which was subject to some customer destocking.

Prices were up 9% on average, a strong increase visible across categories and especially in the healthcare channel, where the ramp-up in 2022 was slower. The majority of the year-on-year price increase in 2023 is the effect of the price roll-out in 2022 to mitigate the impact of the huge increase in raw material and other input costs. In the first half of 2023, prices still rose sequentially, but they started to decrease slightly in the second half, reflecting decreasing raw material prices. Combined over the last two years this represents an overall increase of 18%.

Forex fluctuations had a negative impact of 2%, linked to the devaluation of the Russian ruble, the US and the Australian dollar, as well as the British pound.

Adjusted EBITDA of Core Markets

Adjusted EBITDA increased to €174 million, up 67%, driven by volume mix improvement and consistent solid delivery of the cost transformation program. Overall, pricing nearly offset the additional input and SG&A cost inflation, and the adverse forex impact. The adjusted EBITDA margin rose to 9.7%, up 3.5pp.

While **volume and mix** had no significant net impact on revenue, the growth in selected categories led to an improvement of the product mix, resulting in a €5 million positive impact.

The **cost transformation program** delivered €72 million in gross savings, 30% more, maintaining a yearly reduction rate of the operational cost base by some 5%, excluding volume and cost price effects, for the second consecutive year.

Cost inflation weighed heavily on the year-on-year comparison, with a negative impact of €67 million from raw materials, mostly higher fluff prices and to a lesser extent super-absorbent polymers. These fluff prices increased significantly at the start of the year and only gradually came down in the second half. Other operating costs were €44 million higher, reflecting wage inflation as well as increased distribution, energy and maintenance costs. Although the year-on-year increase slowed down in the second half of the year, the operating cost base went up by close to 8% versus 2022. SG&A costs were kept below 10% of revenue, despite wage inflation.

Strong **pricing** contributed €156 million year on year. Over the last two years pricing contributed €270 million. While this increase is substantial, it was not sufficient to compensate the cumulative cost inflation incurred since the start of the inflation wave in 2021.

Forex fluctuations had a €43 million net negative impact. The currency depreciation impact on revenue was exacerbated by a negative impact on costs, with a.o. the appreciation of the Mexican peso affecting production costs in North America. Although the US dollar depreciated versus last year, which benefits the net cost exposure, the hedging over a longer period of time led to a net negative impact.

Q4 2023 business review of continuing operations

Revenue of Core Markets

Revenue was €446 million, stable like for like. While the year-on-year price increase reduced, in line with lower input costs, it retained a positive impact, offsetting slightly lower volumes. Baby care revenue was down 9% and feminine care down 3% like for like, compared to a high comparable in 2022. Adult care sales continued to grow strongly by 13% like for like, both on volume and on price. Overall revenue came in lower at 3% due to adverse forex.

Volume and mix impacted revenue negatively by 3%, compared to a strong last quarter of 2022 when promotional activities in Europe boosted baby care sales in December, and phasing by certain customers in North America drove orders for baby and feminine care up temporarily. This reduction was partly offset by continued growth in selected product categories and in adult healthcare channels.

Prices were up 3% on average versus last year. While prices have been coming down slightly since the second quarter, managed in function of sequentially decreasing raw material costs, year on year they retained a positive impact.

Forex fluctuations continued to have a negative impact, albeit less pronounced than in the third quarter, mainly from the year-on-year weakening of the Russian ruble, the US and the Australian dollar .

Adjusted EBITDA of Core Markets

Adjusted EBITDA of Core Markets was €47 million, up 16% year on year and 7% quarter on quarter, marking six consecutive quarters of sequential growth. Continued delivery on the cost transformation program more than compensated for the slower volumes. Higher prices nearly offset cost inflation, which still has a negative impact overall year on year. The adjusted EBITDA margin thereby recovered to 10.4%, up 1.7pp year on year, and up 0.9pp quarter on quarter. Forex fluctuations had a negative impact.

Lower volumes were partly offset by the mix improvement, leading to an overall €2 million reduction.

The cost transformation program contributed €17 million in gross savings, mostly in procurement, thanks to the qualification of alternative sources.

Cost inflation continued to have a negative impact overall. While the sequential raw material price decrease resulted in a positive year-on-year impact for the first time since 2021, with fluff prices still up, but more than offset by a price reduction for other raw materials. Distribution and maintenance costs as well as wages were still up year on year, however. The total operating cost base went up by 2% versus the fourth quarter of 2022. SG&A costs were up significantly as result of wage inflation, some exceptional elements and cost phasing affecting the last quarter of the year.

Forex fluctuations had a €9 million negative net impact, with the weakening effect of foreign currencies on revenue was exacerbated by transactional impacts.

Full year 2023 operational review

Operations

The cost transformation program delivered €91 million gross savings, of which €72 million in Core Markets represent a 30% increase versus 2022. These initiatives allowed to reduce raw materials and operating costs, prior to volume and inflation effects, by 5.1%, in line with 4.9% in 2022. Besides the optimization of the manufacturing footprint, continuous focus on operational efficiencies led to a further reduction of the scrap rate and Overall Equipment Efficiency (OEE) improvement. Service levels also improved from the 2022 level.

Ontex continues to invest in its operations, with €96 million for the Total Group for 2023, or 4.1% of revenue, ramping up to 4.7% in the second half, and more than 5% for Core Markets only. This is significantly above 2.5% in 2022 and Ontex's depreciation [1] to revenue ratio of some 3%. The vast majority is invested in Core Markets, with about 70% in operational efficiency improvement projects and in business expansion. These investments included new production lines for pants and adult care, adding capacity in North America and improving the offer in Europe.

Innovation

Innovation represented some €19 million in operational and capital expenditure in 2023, mostly in Core Markets, with several new products developed or launched in the year. All Ontex's innovation is thoroughly tested with consumers, to guarantee that new solutions offered to customers are comparable to leading brand standards.

Building on the successful introduction of the HappyFit™ baby pant platform, the Splashy® swim pants were rolled out in baby care, and the DreamShield® back pocket for triple leakage protection was developed. In Feminine care the newest development is focused on liners, with the breathable, thin and flexible ConfiDaily™. In tampons the SatinSense® cover for smoother insertion and removal was launched. In the growing adult care category, the new adult pants' X-Core™ technology was rolled out in light incontinence which combines higher performance and comfort with affordability.

Sustainability [2]

Ontex further reduced its Scope 1 and Scope 2 emissions, by some 6% versus 2022. The 54% reduction compared to the base year 2020 brings it closer to its Science-Based Target of 80% by 2030. Ontex commits to achieving carbon-neutrality 2030, through energy savings, on-site renewable energy production, purchasing energy from renewable sources and carbon offsets for the remaining 20%. Ontex also aims to cut the emissions of its global supply chain and introduced a Science-Based Target for Scope 3 emissions. About 5% reduction was achieved year on year by working together with suppliers to create transparency on the carbon intensity of raw materials. This brings Ontex back on track to reduce emissions by 25% by 2030 versus 2020. Ontex's efforts have been externally recognized, including recently with an A-score for leadership in corporate transparency and performance on climate change. Ontex received the score in early 2024 from the global environmental non-profit organization Carbon Disclosure Project (CDP).

Ontex takes the safety of its employees at heart. In 2023 the frequency rate was 3.52 lost work day cases per million worked hours, which is a 7% improvement versus 2022, and 35% compared to the base year 2020, by focusing on machine risk reduction, behaviours and leadership awareness. Ontex strives to reduce the number of accidents further down year after year to eventually reach its ultimate ambition to a zero harm workplace.

[1] Depreciation adjusted for depreciation of right-of-use assets, as lease payments are not included in capex either.

[2] Preliminary unaudited figures for 2023

Full year 2023 financial review

P&L

Depreciation was stable at €(71) million, reflecting continued investments offset by positive forex effects.

EBITDA adjustments were made for €(15) million. These adjust primarily for restructuring costs and a €(5) million impairment related to the further optimization of the European operations and business. This compares to EBITDA adjustments made for €(103) million in 2022, when significant impairments were taken on the Russian assets.

The **net finance cost** was €(45) million, €6 million better than in 2022. The surge in interest rates only had a smaller impact, as the majority of Ontex's debt consists of the fixed rate bond, and the overall indebtedness was reduced in the second quarter. Currency effects had a positive impact.

The **income tax** was €(16) million, compared to €(28) million a year ago. While the deducted effective tax rate of 38% remains relatively high, it is impacted by the geographical mix of earnings and conservative treatment for the recognition of deferred tax assets in respect of certain losses.

Discontinued operations contributed the €8 million in profit for the year, compared to a €(122) million loss a year ago, when significant impairments were taken. The adjusted EBITDA from these activities was €49 million. The Mexican business activities contributed for 4 months before being divested in May. The remaining activities in Brazil and the Middle East improved significantly through the year and versus 2022. A better volume mix, strong pricing and operating efficiency gains more than offset input cost and SG&A inflation. EBITDA adjustments were made for €(27) million, mainly for an impairment of €(13) million on the Middle Eastern assets and €(11) million costs related to the divestment of the Mexican assets. Taxes were lower, at €(6) million, as the scope reduced. Financial charges were €(9) million, reflecting hyperinflation in Turkey, which impacted the total profit contribution by €(8) million.

The **profit for the year** of the Total Group was €35 million, compared to the €(270) million loss a year before, when the profitability was lower and significant impairments were taken in continuing and discontinued operations. Basic earnings per share of the Total Group were €0.43, compared to €(3.34) in 2022.

Cash flow

Capital expenditure was €(96) million, representing 4.1% of the Total Group revenue, compared to 2.5% in 2022, with an acceleration in the second half of the year reaching 4.7%, accelerating investments in the North American business expansion and the further implementation of the cost transformation program.

Free cash flow after financing was €9 million, compared to €(115) million in 2022. Cash generation from the strongly improved adjusted EBITDA allowed to fund the increased capital expenditure, €(25) million lease payments, €(36) million working capital needs and €(18) million cash-out for restructuring and divestment-related cash costs. The sale of some obsolete assets contributed €16 million. Cash taxes were €(21) million and the financing cash-out totaled €(46) million, consisting mainly of the net interest payments. Realized forex gains on financing activities offset hedging costs as well as transaction costs related to the renegotiated revolving credit facility.

Balance sheet

Working capital for the Total Group at the end of the year was €164 million, a €13 million decrease versus the end of 2022, largely linked to the exit of the Mexican activities. Working capital needs in the remaining operations increased. Receivables increased as a result of higher sales prices and lower factoring activity. Factoring amounted to €164 million, €28 million lower than at the year start, partly linked to the divestment of the Mexican activities. Payables decreased with lower raw material prices, as did inventories, but the latter was not enough to compensate the working capital increase, partly as the on-going effort to harmonize the supply chain temporarily limits the implementation of working capital efficiencies.

Net financial debt of the Total Group was €665 million at the end of the period, including lease liabilities of €133 million. The decrease from €867 million at the start of the year is entirely attributable to the divestment of the Mexican business activities early May. Net proceeds of €200 million were received from the acquirer, net of all transaction costs and post-closing adjustments, as well as net of cash remaining in the business. Deferred proceeds of €29 million, booked as non-current receivables, are still due within the next five years.

The **leverage ratio** of the Total Group at the end of the period was 3.3 times the adjusted EBITDA of the last twelve months, which now excludes the Mexican business contribution. The improvement compared to 6.4 times at the year start, is based on the significant increase of the adjusted EBITDA, and leaves sufficient headroom versus the maintenance covenants applicable to the revolving credit facility.

The **gross financial debt** of the Total Group reduced from €1,076 million to €834 million, following the repayment of the €220 million term loan in the second quarter. The gross debt excludes €168 million of cash and cash equivalents, and consists of the €580 million bond at fixed 3.5% rate maturing in July 2026, of €133 million of lease liabilities, and of €115 million drawn on the revolving credit facility. More information on that facility, which was extended to December 2025, can be found in the financial notes.

As from 2022, the Emerging Markets activities are reported as **assets held for sale**. The net value of these (assets minus related liabilities), came down from €412 million at the year start to €160 million at the end of the period, reflecting the Mexican business divestment and some smaller asset sales, as well as an increase in the net cash position and asset value of the remaining activities.

Consolidated financial information of the year

Consolidated income statement

in € million	Full Year 2023	Full Year 2022
Revenue	1,794.7	1,672.2
Cost of sales	(1,327.3)	(1,294.7)
Gross Profit	**467.4**	**377.5**
Distribution expenses	(190.5)	(191.3)
Sales and marketing expenses	(81.5)	(82.1)
General administrative expenses	(85.6)	(75.6)
Other operating income/(expenses), net	(6.6)	5.1
Income and expenses related to changes to Group structure	(10.3)	(11.2)
Income and expenses related to impairments and major litigations	(4.6)	(91.8)
Operating profit/(loss)	**88.3**	**(69.4)**
Finance income	7.0	0.8
Finance costs	(57.6)	(49.3)
Net exchange differences relating to financing activities	5.5	(2.4)
Net finance cost	**(45.1)**	**(50.9)**
Profit/(loss) before income tax	**43.2**	**(120.3)**
Income tax expense	(16.3)	(28.4)
Profit/(loss) for the period from continuing operations	**26.9**	**(148.7)**
Profit/(loss) for the period from discontinued operations	7.9	(121.6)
Profit/(loss) for the period	**34.8**	**(270.3)**
Profit/(loss) attributable to:		
Owners of the parent	34.8	(270.3)
Non-controlling interests	-	-
Profit/(loss) for the period	**34.8**	**(270.3)**

in €	Full Year 2023	Full Year 2022
For continuing operations:		
Basic earnings per share	0.33	(1.83)
Diluted earnings per share	0.32	(1.83)
For continuing and discontinued operations:		
Basic earnings per share	0.43	(3.34)
Diluted earnings per share	0.42	(3.34)
Weighted average number of ordinary shares outstanding during the period	81,105,045	81,030,032

Consolidated statement of financial position

in € million	December 31, 2023	December 31, 2022
Goodwill	796.0	797.9
Intangible assets	32.6	32.7
Property, plant and equipment	461.5	420.1
Right-of-use assets	105.2	110.1
Deferred tax assets	11.7	12.1
Non-current receivables	29.0	0.3
Non-current Assets	**1,436.1**	**1,373.3**
Inventories	252.8	264.3
Trade receivables	206.1	191.8
Prepaid expenses and other receivables	63.5	36.8
Current tax assets	4.9	5.0
Derivative financial assets	5.1	12.1
Other financial assets	(0.0)	0.4
Cash and cash equivalents	97.2	149.1
Assets classified as held for sale	296.1	661.7
Current Assets	**925.7**	**1,321.3**
TOTAL ASSETS	**2,361.7**	**2,694.5**
Share capital & premium	1,208.0	1,208.0
Treasury shares	(32.3)	(34.2)
Cumulative translation reserves	(246.8)	(254.1)
Retained earnings and other reserves	(26.8)	(61.2)
TOTAL EQUITY	**902.0**	**858.4**
Employee benefit liabilities	14.9	13.5
Interest-bearing debts	671.8	891.7
Deferred tax liabilities	19.9	21.3
Other payables	1.0	0.4
Non-current liabilities	**707.5**	**926.9**
Interest-bearing debts	141.1	145.4
Derivative financial liabilities	5.4	15.0
Trade payables	370.5	405.3
Accrued expenses and other payables	20.6	22.6
Employee benefit liabilities	41.0	40.4
Current tax liabilities	27.0	23.0
Provisions	10.0	8.0
Liabilities related to assets classified as held for sale	136.6	249.6
Current liabilities	**752.2**	**909.2**
TOTAL LIABILITIES	**1,459.7**	**1,836.1**
TOTAL EQUITY AND LIABILITIES	**2,361.7**	**2,694.5**

The impact of hyperinflation both for non-monetary and monetary items is presented in cumulative translation reserves as of September, 2023. The figures per December 31, 2022 have been restated.

Consolidated statement of cash flows

in € million	Full Year 2023	Full Year 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	**34.8**	**(270.3)**
Adjustments for:		
Income tax expense	21.9	39.2
Depreciation and amortization	70.7	70.4
Impairment losses and items relating to investing activities	18.9	201.0
Provisions (including employee benefit liabilities)	5.5	(20.1)
Change in fair value of financial instruments	4.8	1.9
Net finance cost	53.9	70.8
Changes in working capital:		
Inventories	17.2	(11.3)
Trade and other receivables and prepaid expenses	(52.9)	(46.9)
Trade and other payables and accrued expenses	0.1	12.6
Current Employee benefit liabilities	6.6	5.8
Cash from operating activities before taxes	**181.4**	**53.2**
Income taxes paid	(20.8)	(24.9)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**160.6**	**28.3**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(96.5)	(62.4)
Proceeds from disposal of property, plant and equipment and intangible assets	15.8	4.6
Proceeds from divestments, net of cash disposed and transaction costs	199.6	0.0
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**119.0**	**(57.7)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	121.9	133.2
Repayment of borrowings	(385.8)	(81.7)
Interests paid	(50.8)	(46.1)
Interests received	4.4	3.0
Cost of refinancing & other costs of financing	(3.3)	(7.2)
Realized foreign exchange (losses)/gains on financing activities	7.1	(3.7)
Derivative financial assets	(3.2)	(7.0)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(309.8)**	**(9.5)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(30.3)**	**(38.9)**
Effects of exchange rate changes on cash and cash equivalents	(10.2)	1.0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**208.7**	**246.7**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**168.3**	**208.7**
Of which presented as part of Assets classified as held for sale	71.1	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 NV 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, 2023 to December 31, 2023 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2022 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.

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.

In May 2023, the Group reimbursed its € 220 million term loan, with proceeds from its recently divested Mexican business activities. On June 1, 2023, the Group announced that it had reached an agreement with its bank syndicate to extend its current revolving credit facility of € 250 million, from June 2024 to December 2025. The maximum amount of the extended revolving credit facility is raised to € 269 million until June 2024 and then set at € 242 million until maturity. The facility continues to limit dividend pay-out over its term and remains subject to covenant tests. The new covenant tests, measured over the Total Group's financials, including discontinued operations, consist of:

- **Leverage covenant:** The leverage ratio of net financial debt over the last-twelve-months adjusted EBITDA is not to exceed 3.60 by June 2024, and 3.25 by December 2024 and June 2025.
- **Liquidity covenant:** The sum of cash & cash equivalents and the non-utilized portion of the revolving credit facility is set at minimum € 215 million at the end of each quarter until June 2024, and € 194 million beyond that date.

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 and 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, i.e. a liquidity covenant of € 215.0 million and a leverage covenant of 4.25.

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.

The scope of the audit procedure does not cover quarterly data, nor the preliminary sustainability data.

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 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.

Reconcilation of income statement		Full Year					
		2023			2022		
in € million		Cont. η	Discont. ϑ	Total $\iota = \eta+\vartheta$	Cont. κ	Discont. λ	Total $\mu = \kappa+\lambda$
Revenue	*a*	**1,794.7**	**546.8**	**2,341.5**	**1,672.2**	**792.3**	**2,464.5**
Operating profit/(loss)	*b*	88.3	22.3	110.6	(69.4)	(90.9)	(160.3)
Depreciation and amortization	*c*	(70.7)	-	(70.7)	(70.4)	-	(70.4)
EBITDA	*d = b-c*	**159.0**	**22.3**	**181.3**	**1.0**	**(90.9)**	**(89.9)**
Income and expenses related to changes to Group structure	*e*	10.3	14.4	24.7	11.2	12.6	23.8
Income and expenses related to impairments and major litigations	*f*	4.6	12.7	17.4	91.8	110.0	201.8
EBITDA adjustments	*g = e+f*	14.9	27.1	42.0	103.0	122.6	225.6
Adjusted EBITDA	*h = d+g*	**173.9**	**49.4**	**223.3**	**104.0**	**31.7**	**135.7**
Adjusted EBITDA margin	*i = h/a*	*9.7%*	*9.0%*	*9.5%*	*6.2%*	*4.0%*	*5.5%*

Reconcilation of income statement		Fourth Quarter					
		2023			2022		
in € million		Cont. η	Discont. ϑ	Total $\iota = \eta+\vartheta$	Cont. κ	Discont. λ	Total $\mu = \kappa+\lambda$
Revenue	*a*	**446.0**	**98.7**	**544.7**	**459.8**	**214.8**	**674.6**
Operating profit/(loss)	*b*	23.5	12.8	36.2	11.7	(42.3)	(30.6)
Depreciation and amortization	*c*	(18.6)	-	(18.6)	(18.1)	-	(18.1)
EBITDA	*d = b-c*	**42.1**	**12.8**	**54.9**	**29.8**	**(42.3)**	**(12.5)**
Income and expenses related to changes to Group structure	*e*	(1.3)	(0.9)	(2.3)	4.3	3.9	8.2
Income and expenses related to impairments and major litigations	*f*	5.7	0.0	5.7	6.2	49.4	55.5
EBITDA adjustments	*g = e+f*	4.4	(0.9)	3.5	10.5	53.2	63.7
Adjusted EBITDA	*h = d+g*	**46.5**	**11.8**	**58.3**	**40.3**	**11.0**	**51.2**
Adjusted EBITDA margin	*i = h/a*	*10.4%*	*12.0%*	*10.7%*	*8.8%*	*5.1%*	*7.6%*

Free cash flow

Free cash flow before financing 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 after financing is defined as free cash flow before financing, less financing cash flows, i.e. Interests paid and received, and other financing cash flows (Cost of refinancing & other costs of financing, realized foreign exchange (losses)/gains on financing activities and Derivative financial assets)

Reconciliation of free cash flow		Full Year	
in € million		2023	2022
Operating profit/(loss)	*b*	110.6	(160.3)
Depreciation and amortization	*c*	(70.7)	(70.4)
EBITDA	*d = b-c*	**181.3**	**(89.9)**
Non-cash items and items relating to investing and financing activities	*j*	29.1	182.8
Change in working capital	*k*	(35.6)	(45.5)
Employee benefit liabilities	*l*	6.6	5.8
Cash from operating activities before taxes	*m = d+j+k+l*	**181.4**	**53.2**
Income taxes paid	*n*	(20.8)	(24.9)
Net cash generated from operating activities	*o = m+n*	**160.6**	**28.3**
Capex	*p*	(96.5)	(62.4)
Cash (used in)/from on disposal	*q*	15.8	4.6
Repayment of lease liabilities	*r*	(25.0)	(25.0)
Free cash flow before financing	*s = o+p+q+r*	**54.9**	**(54.4)**
Interests paid & received	*t*	(46.4)	(43.2)
Other financial cash flow	*u*	0.6	(17.9)
Free cash flow after financing	*v = s+t+u*	**9.1**	**(115.5)**

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).

Reconciliation of net financial debt		December 31, 2023			December 31, 2022 [1]		
in € million		Continued	Discont.	Total	Continued	Discont.	Total
		η	ϑ	$\iota = \eta + \vartheta$	κ	λ	$\mu = \kappa + \lambda$
Non-current interest-bearing debts	*A*	671.8	15.3	687.0	891.7	16.8	908.5
Current interest-bearing debts	*B*	141.1	5.4	146.5	145.4	22.2	167.6
Gross financial debt	*C = A+B*	**812.9**	**20.7**	**833.5**	**1,037.1**	**39.0**	**1,076.1**
Cash and cash equivalents	*D*	97.2	71.1	168.3	149.1	59.7	208.7
Net financial debt	*E = C-D*	**715.7**	**(50.4)**	**665.3**	**888.1**	**(20.7)**	**867.4**
Adjusted EBITDA (LTM) [2]	*F*			204.6			135.7
Leverage ratio	*G = E/F*			*3.3x*			*6.4x*

Working capital

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.

Reconciliation of working capital		December 31, 2023			December 31, 2022 [1]		
in € million		Continued	Discont.	Total	Continued	Discont.	Total
		η	ϑ	$\iota = \eta + \vartheta$	κ	λ	$\mu = \kappa + \lambda$
Inventories	*H*	252.8	57.7	310.5	264.3	116.1	380.4
Trade receivables	*I*	206.1	63.6	269.7	191.8	115.4	307.2
Prepaid expenses and other receivables	*J*	63.5	7.9	71.4	36.8	53.8	90.7
Trade payables	*K*	370.5	85.1	455.7	405.3	154.1	559.4
Accrued expenses and other payables	*L*	20.6	11.8	32.4	22.6	19.6	42.2
Total net working capital	*M = H+I+J-K-L*	**131.3**	**32.3**	**163.6**	**65.1**	**111.7**	**176.7**

[1] Discontinued operations and Total Group December 2023 to 2022 comparison is affected by the divestment of the Mexican business activities as of May 2023.

[2] The LTM (last twelve months) adjusted EBITDA excludes the contribution of the Mexican business activities, divested in the second quarter of 2023.

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, 2023 was authorized for issue in accordance with a resolution of the Board on February 7, 2024.

Audio webcast

Management will host an audio webcast for investors and analysts on February 8, 2024 at 12:00 CET / 11:00 BT. 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/landingpage/ontexgroup/20240208_1

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

Financial calendar

- **April 3, 2024** 2023 annual report
- **May 3, 2024** Q1 2024 results
- **May 3, 2024** AGM
- **July 31, 2024** Q2 & H1 2024 results
- **October 24, 2024** Q3 2024 results

Enquiries

→ Investors	Geoffroy Raskin	+32 53 33 37 30	investor.relations@ontexglobal.com
→ Media	Maarten Verbanck	+32 53 33 36 20	corporate.communications@ontexglobal.com

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 around 100 countries through leading retailer brands, lifestyle brands and Ontex brands. Employing some 7,500 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.

ONTEX GROUP NV
Korte Keppestraat 21 – 9320 Erembodegem (Aalst) – Belgium
0550.880.915 RPR Ghent – Division Dendermonde