

**Ontex Group NV****€400,000,000 5¼% Senior Notes due 2030**

Ontex Group NV, a limited liability company (*naamloze vennootschap/société anonyme*) organized under the laws of Belgium, having its registered office at Korte Keppestraat 21, 9320 Erembodegem (Aalst), Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0550.880.915 (RLE Ghent, division Dendermonde) (the “**Issuer**” or the “**Company**”), is offering (the “**Offering**”) €400.0 million aggregate principal amount of its 5.250% senior notes due 2030 (the “**Notes**”).

The Notes will be issued pursuant to an indenture (the “**Indenture**”) to be dated on or around April 3, 2025 (the “**Issue Date**”), among, inter alios, the Issuer and BNY Mellon Corporate Trustee Services Limited, as trustee (the “**Trustee**”).

The proceeds of the Notes, together with cash at hand will be used to repurchase up to €400,000,000 aggregate principal amount of outstanding Existing 2026 Notes (as defined herein) validly tendered pursuant to the tender offer that we launched concurrently with the Offering (the “**Tender Offer**”), and pay related accrued interest, fees and expenses associated with the Tender Offer and the Offering. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. If we purchase less than the €400,000,000 aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into an interest-bearing euro denominated segregated account (the “**Segregated Account**”) opened for this purpose. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date (as defined herein). See “*Summary—The Transactions*,” “*Summary—Recent Developments—Disposal of our Brazilian operations*” and “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*” This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to tender or sell the Existing 2026 Notes nor a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date. See “*Use of Proceeds.*”

The Notes will bear interest at a rate of 5.250% per annum and will mature on April 15, 2030. The Issuer will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2025. Interest on the Notes will accrue from the Issue Date.

At any time prior to April 15, 2027, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the redemption date plus a “make-whole” premium, as described in this offering memorandum (the “**Offering Memorandum**”). In addition, at any time prior to April 15, 2027 the Issuer may redeem up to 40% of the original aggregate principal amount of the Notes (including the principal amount of any additional Notes issued) with the net cash proceeds of certain equity offerings at the redemption price specified herein. At any time on or after April 15, 2027, the Issuer may redeem all or part of the Notes at the redemption prices set forth herein, plus accrued and unpaid interest and additional amounts, if any. The Issuer may also, in its discretion, redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the outstanding principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any. Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. See “*Description of the Notes.*”

The Notes will be senior unsecured obligations of the Issuer, will rank equal in right of payment to all of the Issuer’s existing and future senior indebtedness (including the Revolving Credit Facility Agreement (as defined herein)) and will rank senior to all of the

Issuer's future indebtedness that is subordinated in right of payment to the Notes. The Notes will be effectively subordinated to any existing and future secured indebtedness of the Issuer to the extent of the value of the property and assets securing such indebtedness. The Notes will be structurally subordinated to all indebtedness of the Issuer's subsidiaries that do not guarantee the Notes.

On the Issue Date, the Notes will be guaranteed (the "**Guarantees**") on a senior unsecured basis by the following subsidiaries of the Issuer (the "**Guarantors**"): Ontex BV, ONTEX CZ s.r.o., Ontex France SAS, Ontex Santé France SAS, Ontex Hygienartikel Deutschland GmbH, Ontex Mayen GmbH, Ontex Vertrieb GmbH, Ontex Manufacturing Italy S.r.l., Serenity S.p.A., Ontex Polska sp. z o.o., Ontex Peninsular, S.A.U., Ontex ID SA, Ontex Healthcare UK Limited, Ontex Retail UK Limited, Ontex Operations USA, LLC and Valor Brands, LLC. The Guarantees will rank equal in right of payment to all of the Guarantors' existing and future senior indebtedness (including the Revolving Credit Facility Agreement) and will rank senior to all of the Guarantors' future indebtedness that is subordinated in right of payment to the Guarantees. The Guarantees will be effectively subordinated to any existing and future secured indebtedness of the Guarantors to the extent of the value of the property and assets securing such indebtedness.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market. Application has been made to the Luxembourg Stock Exchange in its capacity as competent entity under Part IV of the Luxembourg Law of July 16, 2019 on prospectuses for securities to approve this Offering Memorandum as a prospectus for the purposes of Article 62 of the Luxembourg Prospectus Law 2019.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 54 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

Issue price for the Notes 100.000% of principal plus accrued interest, if any, from the Issue Date.

None of the Notes or the Guarantees have been or will be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold outside the United States in offshore transactions in accordance with Regulation S under the Securities Act ("Regulation S"). The Notes may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Notice to Investors" and "Plan of Distribution" for additional information about eligible offerees.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be issued in dematerialized form in accordance with the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/ Code des Sociétés et des Associations*), as amended, and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereof (the "**NBB-SSS**"). Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV, Euroclear France S.A., Clearstream Banking Luxembourg S.A., Clearstream Banking, AG Frankfurt, SIX SIS AG, Euronext Securities Milan S.p.A., Euronext Securities Porto S.A., LuxCSD S.A., Iberclear-ARCO and OeKB CSD GmbH (each an "**NBB Participant**" and collectively the "**NBB Participants**"). Accordingly, the Notes will be eligible to clear through, and therefore be accepted by, the NBB Participants and investors may hold their Notes within securities accounts in the NBB Participants. Notes may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of May 26, 1994, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS. See "*Book-Entry, Delivery and Form.*"

Joint Global Coordinators and Physical Bookrunners

BNP PARIBAS

**Goldman Sachs Bank Europe SE
(B&D)**

HSBC

Joint Bookrunners

BBVA

Commerzbank

Crédit Agricole CIB

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The date of this Offering Memorandum is April 3, 2025

You should rely only on the information contained in this Offering Memorandum. Neither the Issuer nor any of BNP PARIBAS, Goldman Sachs Bank Europe SE, HSBC Continental Europe, Banco Bilbao Vizcaya Argentaria, S.A., Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, ING Bank N.V. (collectively, the “Initial Purchasers”) has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

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IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

THE NOTES ARE BEING OFFERED IN ACCORDANCE WITH AND IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THESE EXEMPTIONS APPLY TO OFFERS AND SALES OF SECURITIES THAT DO NOT INVOLVE A PUBLIC OFFERING. SEE “*PLAN OF DISTRIBUTION*” AND “*NOTICE TO INVESTORS*.” THE NOTES HAVE NOT BEEN RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY U.S. STATE SECURITIES COMMISSION OR ANY NON-U.S. SECURITIES AUTHORITY, NOR HAVE ANY SUCH AUTHORITIES DETERMINED THAT THIS OFFERING MEMORANDUM IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. NO ACTION HAS BEEN, OR WILL BE, TAKEN TO PERMIT A PUBLIC OFFERING IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE.

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any of the Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any of the Notes. Neither we nor the Initial Purchasers are responsible for your compliance with these legal requirements.

This Offering Memorandum has been prepared by us solely for use in connection with the Offering of the Notes outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. This Offering Memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Notes.

You are not to construe the contents of this Offering Memorandum as investment, legal, business or tax advice. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of purchasing the Notes. You are responsible for making your own examination of the Issuer and your own assessment of the merits and risks of investing in the Notes. We are not, and none of the Initial Purchasers, the Trustee and the Agents (as defined herein) is, making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws. You may contact us if you need any additional information. By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum; and
- you have had an opportunity to request, and have received, any additional information that you need from us.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. No person is authorized in connection with the Offering to give any information or to make any representation not contained in this Offering Memorandum or any pricing term sheet or supplement and, if given or made, such other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this Offering Memorandum is as of the date hereof and is subject to change, completion or amendment without notice. Neither the delivery of this Offering Memorandum at any time after the date hereof nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in our business since the date hereof. The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents, the advisors of the Issuer or any other agents acting with respect to the Notes as to the accuracy or completeness of any of the information set forth in this Offering Memorandum, and nothing contained in this Offering Memorandum is,

or shall be relied upon as, a promise or representation by the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents or their respective directors, affiliates, advisors and agents, the advisors of the Issuer or any other agents acting with respect to the Notes, whether as to the past or the future. Certain documents are summarized herein, and such summaries are qualified entirely by reference to the actual documents, copies of which will be made available to you upon request. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents or the advisors of the Issuer in connection with your investigation of the accuracy of this information or your decision to invest in the Notes. We undertake no obligation to update this Offering Memorandum or any information contained in it, whether as a result of new information, future events or otherwise, save as required by law.

The Issuer is offering the Notes in reliance on an exemption from the registration requirements of the Securities Act for offers and sales of securities outside the United States. The Notes are subject to restrictions on resale and transfer as described under “*Transfer Restrictions*” and “*Plan of Distribution*.” By purchasing any of the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this Offering Memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

We reserve the right to withdraw the Offering at anytime. We are making the Offering subject to the terms described in this Offering Memorandum and the purchase agreement relating to the Notes (the “**Purchase Agreement**”). We and the Initial Purchasers may, for any reason, reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes sought by it.

We have applied to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF Market thereof. We cannot guarantee that such listing will be maintained, and settlement of the Notes is not conditioned on obtaining this listing. Following the listing, the relevant listing particulars will be available at the offices of the Paying Agent (as identified herein).

The Notes will be issued in dematerialized form in accordance with the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*) dated March 23, 2019, as amended (the “**Belgian Companies and Associations Code**”), and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB-SSS. Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream and the other NBB Participants. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB Participants through which they hold their Notes. See “*Book-Entry, Delivery and Form*.”

In this Offering Memorandum, any reference to any code, law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such code, law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated and/or replaced from time to time.

The Issuer accepts responsibility for the information contained in this Offering Memorandum and for the inclusion of its consolidated financial statements in this Offering Memorandum. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. However, the content set forth under the headings “*Industry*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business*” include extracts from information and data, including industry and market data,

released by publicly available sources or otherwise published by third parties. While the Issuer accepts responsibility for accurately extracting and summarizing such information and data, none of the Issuer, the Initial Purchasers, the Trustee or the Agents has independently verified the accuracy of such information and data, and none of the Issuer, the Initial Purchasers, the Trustee or the Agents accepts any further responsibility in respect thereof. The Issuer confirms that such information has been accurately reproduced and that, to its reasonable knowledge based on the information published by the relevant independent source, no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. Furthermore, the information set forth in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled “*Book-Entry, Delivery and Form*,” is subject to change in or reinterpretation of the rules, regulations and procedures of the NBB-SSS currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning the NBB-SSS, none of the Issuer, the Initial Purchasers, the Trustee or the Agents accepts further responsibility in respect of such information.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS BANK EUROPE SE (THE “**STABILIZING MANAGER**”) (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTIONS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT SUCH STABILIZATION ACTIONS MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO INVESTORS

Notice to U.S. Investors

The Notes will be sold outside the United States pursuant to Regulation S of the Securities Act. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See “*Transfer Restrictions*.” This Offering Memorandum is being provided in connection with offshore transactions in accordance with Regulation S under the Securities Act. The Notes and the Guarantees described in this Offering Memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States, or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

MiFID II Product Governance/Professional Investors and ECPs Only Target Market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 19 of the Guidelines published by ESMA on 3 August 2023, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. A distributor should take into consideration the manufacturer’s target market assessment; however, and without prejudice to the obligations of the Issuer in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

PRIPs Regulation / Notice to European Economic Area Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the EEA (each, a “**Member State**”), no offer of Notes to the public in that Member State may be made other than at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation; provided that no such offer of Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 1 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor any of the Initial Purchasers have authorized, nor do authorize, the making of

any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each subscriber for or purchaser of the Notes in the Offering located within a Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation. The Issuer, each Initial Purchaser and its affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Notice to Investors in Belgium

This Offering Memorandum relates to a private placement of the Notes and does not constitute an offer or solicitation to the public in Belgium to subscribe for or acquire the Notes. The Notes may be offered in Belgium solely to qualified investors within the meaning of the Prospectus Regulation and the Belgian Act of July 11, 2018 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (the “**Belgian Prospectus Act**”), as such term is defined therein, and/or on the basis of any other exemption as referred to in Article 1, paragraph 4 of the Prospectus Regulation.

The Offering has not been and will not be notified to, and this Offering Memorandum has not been, and will not be, notified to, or approved by, the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) pursuant to the Belgian laws and regulations applicable to the public offering of notes.

The Offering, and any materials relating to the Offering, may not be advertised to, the Notes are not intended to be offered, sold or otherwise made available to, and neither this Offering Memorandum nor any other information circular, brochure or similar documents may be distributed, directly or indirectly, to, and the Notes should not be offered, sold or otherwise made available to (i) any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Prospectus Regulation and the Belgian Prospectus Act or (ii) any person qualifying as a consumer (*consument/consommateur*) within the meaning of the Belgian code of economic law (*Wetboek van economisch recht/Code de droit économique*) dated February 28, 2013, as amended (the “**Belgian Code of Economic Law**”).

Notice to Canadian investors

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non Canadian jurisdiction, section 3A.4) of National Instrument 33 105 Underwriting Conflicts (“NI 33 105”), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33 105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Investors in the Czech Republic

The Notes may only be offered, sold and acquired in the Czech Republic in accordance with the provisions of the Prospectus Regulation, Czech Act No. 256/2004 Coll., on the Conduct of Business on Capital Markets (the “**Capital Markets Act**”), and any other applicable European and Czech law.

This Offering Memorandum, and any other document related to the Notes, (i) does not constitute a prospectus within the meaning of the applicable European and Czech law, (ii) has not been and will not be approved by, or notified to, the Czech National Bank (the “**CNB**”) and (iii) does not constitute a public offering of any Notes to the public in the Czech Republic. No notification has been made to, and no permit has been sought or obtained from, the CNB in connection with (i) the issue of any Notes, (ii) the admission of Notes for trading on a regulated market in the Czech Republic or (iii) a public offering of Notes in the Czech Republic. Accordingly, the Notes may be offered, and any related documents may be distributed, in the Czech Republic only under one or more exemptions from the obligation to publish a prospectus available under the Prospectus Regulation, e.g. to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation.

Therefore, this Offering Memorandum is strictly for private use, and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public.

The Notes are not issued under Czech law and the offering of Notes pursuant to this Offering Memorandum does not constitute “an issue of bonds” (*vydání dluhopisů*) within the meaning of Czech Act No. 190/2004 Coll., on Bonds, as amended.

Notice to Investors in France

This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and therefore has not been and will not be submitted for clearance to the AMF.

Consequently, the Notes are not being offered directly or indirectly in France except to qualified investors (*investisseurs qualifiés*) within the meaning of Article 2(e) of the Prospectus Regulation and this Offering Memorandum has not been distributed or caused to be distributed and will not be distributed or caused to be distributed in France except to qualified investors (*investisseurs qualifiés*) within the meaning of Article 2(e) of the Prospectus Regulation.

Notice to Investors in Germany

The Notes may only be offered, sold and acquired in accordance with the provisions of the Prospectus Regulation, the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, as amended, the PRIIPs Regulation, the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as amended (the “**Securities Prospectus Act**”) and any other applicable German law. No application has been made under the Prospectus Regulation to permit a public offer of the Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and, accordingly, the Notes may not be, and are not being registered, authorized, offered or advertised publicly or by public promotion under the Prospectus Regulation or the Securities Prospectus Act in the Federal Republic of Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made

to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Article 2(e) of the Prospectus Regulation or who are subject to another exemption in accordance with Article 1 of the Prospectus Regulation. Any resale of the Notes in the Federal Republic of Germany may only be made in accordance with the Prospectus Regulation, the PRIIPs Regulation and the Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") or obtain a notification to BaFin from another competent authority of a member state of the EEA, with which a securities prospectus may have been filed, pursuant to Article 25(1) of the Prospectus Regulation.

Notice to Investors in Italy

The Offering has not been cleared by the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review or clearance by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other offering circular, prospectus, form of application, advertisement or other offering material or document relating to the Notes to be issued, may be distributed or published in the Republic of Italy, either on the primary or on the secondary market, except (a) to qualified investors (*investitori qualificati*) as referred to in Article 2, paragraph (e) of the Prospectus Regulation; and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuers' Regulation**").

Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

- (i) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r, of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**")), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 20307 of February 15, 2018, as amended, the Issuers' Regulation, Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Italian Banking Act**") and any other applicable laws and regulations; and
- (ii) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, issued on August 25, 2015, as amended on August 10, 2016 and November 2, 2020 and as further as amended from time to time) or any other relevant Italian competent authorities.

Any investor purchasing the Notes, either on the primary or on the secondary market, is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

Notice to Investors in the United Mexican States (“Mexico”)

The Notes have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, “CNBV”), and may not be offered, sold, traded publicly, or otherwise be the subject of brokerage activities (*intermediación*) in Mexico, except as provided by the private placement exemption set forth under Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*), pursuant to which the Notes may be offered in Mexico exclusively to investors that qualify as institutional and qualified investors. The information contained in this Offering Memorandum is the exclusive responsibility of the Issuer and has not been reviewed or authorized by the CNBV. In making an investment decision, all investors, including any Mexican investors, who may acquire Notes from time to time, must rely on their own examination of the Issuer and the Guarantors, the terms of the Offering and this Offering Memorandum, including the merits and risks involved.

Notice to Investors in Poland

The Notes may not be offered or sold in or into Poland except under circumstances that do not constitute an offer of securities to the public within the meaning of the Prospectus Regulation or distribution of securities under Polish laws and regulations or are offered or sold under any of the exemptions from the obligation to publish a prospectus as referred to in Article 1(3)-(4) of the Prospectus Regulation and/or the Polish Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies, as amended (the “**Polish Act on Public Offering**”). Neither this Offering Memorandum nor any other similar document relating to the Notes has been or will be approved, notified, registered or passported to Poland and/or by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) as a prospectus or other similar document required by statutory law relating to the Notes pursuant to or compliant with in particular the provisions of the Prospectus Regulation and the Polish Act on Public Offering.

The acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including, without limitation, foreign exchange regulations) and that the re-offer or re-sale of the Notes to Polish residents or within Poland may also be subject to restrictions.

Notice to Investors in Spain

This Offering Memorandum has not been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore it is not intended for any offer of the Notes in Spain which require the registration of a prospectus. The Notes may not be offered or sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out or publicity or marketing of any kind be made in Spain in relation to the Notes, except (i) in circumstances which do not require the registration of a prospectus in Spain; and (ii) by institutions authorized to provide investment services in Spain under MiFID II, the Securities Markets and Investment Services Law (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*) as amended and restated (the “**Spanish Securities Market Law**”) and related legislation and Royal Decree 813/2023 of November 8 on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 813/2023, de 8 de noviembre, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

Offers of Notes in Spain shall only be directed specifically at, or made to, professional clients and eligible counterparties, as defined in articles 194 and 196 of the Spanish Securities Market Law.

Notice to Investors in the United Kingdom

This Offering Memorandum is not being distributed by, nor has it been approved by, an authorized person in the United Kingdom and is for distribution only to, and is directed solely at, (x) persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), or (iii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order and (y) any other persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

The securities described in this Offering Memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any amendments or supplements to this Offering Memorandum acknowledges that:

- (1) such person has been afforded an opportunity to request from the Issuer and to review, and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;
- (2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and
- (3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

Information contained on our website is not incorporated by reference into this Offering Memorandum and is not part of this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “aims,” “targets,” “anticipates,” “expects,” “intends,” “plans,” “continues,” “ongoing,” “potential,” “product,” “projects,” “guidance,” “seeks,” “may,” “will,” “could,” “would,” “should” or, in each case, their negative, or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. The absence of such terminology does not necessarily mean that a statement is not forward-looking. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, competition in areas of our business, outlook and growth prospects, strategies and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are based on potentially inaccurate assumptions and are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those material differences include:

- the effect of increases in raw material costs or the unavailability of raw materials on our business, financial condition and results of operations;
- the effect of fluctuations in exchange rates on our raw material costs;
- the effect of changes in tariffs or other government trade policies;
- our ability to compete successfully with our competitors;
- the effect of disruptions to or a loss of one of our production facilities;
- our ability to maintain our customer delivery commitments;
- the effect of product recall or liability claims, a shifting regulatory environment and/or any adverse publicity;
- the impact of broader and stricter medical device regulations to which we are subject and any increases in enforcement;
- our ability to protect our intellectual property rights;
- our ability to retain key customers;
- our ability to successfully integrate any future acquisitions and unanticipated costs associated with future acquisitions and divestitures;
- the effect of any disease outbreak, including epidemics, pandemics or similar widespread health concerns on our business;

- the effect of the Russia-Ukraine conflict, the Israel-Hamas war and other geopolitical developments on our business, financial condition and results of operations;
- risks inherent to our global operations, including currency devaluations and the effect of regional or jurisdictional instability on our international operations;
- changes in the requirements of our customers or end-users of our products;
- changes in the payment and reimbursement policies of governments and other parties;
- reliance on our executive management team and our ability to identify, attract, develop and retain talent;
- the effect of uninsured losses;
- employment disputes and increased labor costs;
- disruption due to failure of our information systems;
- data breaches and breaches of data privacy regulations;
- changes in regulation and consumer attitudes and expectations with respect to sustainability and environmental matters;
- adverse publicity and risks associated with our use of social media;
- changes in the payment terms with our customers and suppliers;
- the effects of adverse market condition on the carrying value of our assets;
- the effects of changes in tax rules on our results;
- the effects of legal and arbitration proceedings;
- the effects of certain competition and antitrust laws;
- risks associated with our dealings with third parties;
- interest rate risk associated with our variable-rate debt instruments;
- our ability to generate the funds needed to service our debt; and
- other factors discussed under “*Risk Factors*.”

The foregoing factors and others described under “*Risk Factors*” should not be construed as exhaustive. Due to such uncertainties and risks, investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Offering Memorandum. We urge you to read the sections of this Offering Memorandum entitled “*Risk Factors*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Industry*” and “*Business*” for more detailed discussions of the factors that could affect our future performance and the industry and geographic markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not occur. Moreover, we operate in a very competitive and rapidly changing environment. We may face new risks from time to time, and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

The forward-looking statements are based on plans, estimates and projections as they are currently available to our management. We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

The financial information contained in this Offering Memorandum is extracted from the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 were subject to an audit by PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL, the Issuer's independent auditors for those years.

As Adjusted Financial Information

We present in this Offering Memorandum certain financial information on an *as adjusted* basis to give *pro forma* effect to (i) the Offering and use of proceeds therefrom, set forth under "*Use of Proceeds*," including the cash tender offer launched by the Issuer concurrently with the Offering (the "**Tender Offer**") to repurchase up to €400.0 million aggregate principal amount of the Issuer's 3.50% Senior Notes due 2026 outstanding (the "**Existing 2026 Notes**"), and (ii) the application of the expected cash in connection with the disposal of our Brazilian operations, together with any funds deposited in the Segregated Account (as defined herein) and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the Existing 2026 Notes on or prior to July 15, 2025 (the "**July 2025 Par Call Date**"), as set forth under "*Summary — The Transactions*" (collectively, the "**Transactions**"), including financial data *as adjusted* to reflect the effect of the Transactions on the indebtedness of the Group as if the Transactions had occurred as of December 31, 2024, assuming that all the solicited €400.0 million of the Existing 2026 Notes are validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer and the remaining Existing 2026 Notes are redeemed at par on or prior to the July 2025 Par Call Date. The *as adjusted* financial information has been prepared for illustrative purposes only and does not represent what the actual indebtedness of the Group would have been had the Transactions occurred on December 31, 2024; nor does it purport to project our indebtedness at any future date. The *as adjusted* financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments, nor the resulting *as adjusted* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Non-IFRS Financial Measures

This Offering Memorandum contains non-IFRS measures and ratios, including like-for-like revenue, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA (total group), free cash flow, net financial debt and leverage ratio, that are not required by, or presented in accordance with IFRS. Adjusted EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations (commonly called EBITDA) plus EBITDA adjustments. EBITDA adjustments 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.

"EBITDA adjustments" are defined as 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. EBITDA adjustments relate to acquisition and divestment-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; and impairment of assets and major litigations. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.

Adjusted EBITDA (total group) (defined as “LTM Adjusted EBITDA” in our audited consolidated financial statements included elsewhere in this Offering Memorandum) is defined as profit/(loss) for the period of the Group before net finance cost, income taxes, depreciations and amortizations, *plus* EBITDA adjustments, modified for the scope changes in the year by the end of the period. Adjusted EBITDA (total group) includes the results of our continuing and discontinued operations. As of December 31, 2024, our discontinued operations include our activities in Brazil and Turkey. We expect to complete the sales of our Brazilian and Turkish businesses in the course of 2025.

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 (defined as purchases of property, plant and equipment and intangible assets), *less* repayment of lease liabilities and including cash (used in)/from disposal, *less* financing cash flows, i.e. interest paid and received and other financing cash flows (other costs of financing, realized foreign exchange (losses)/gains on financing activities and derivative financial assets). Like-for-like (LFL) revenue is defined as revenue at constant currency excluding changes in scope of consolidation or M&A and hyperinflation impacts.

Leverage ratio is defined as ratio of net financial debt to Adjusted EBITDA (total group). Net financial debt for the Group is defined as the sum of short and long-term debt *less* cash and cash equivalents.

We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures are not accounting measures within the scope of IFRS and may not be permitted to appear on the face of primary financial statements or footnotes thereto. The assumptions underlying the non-IFRS measures have not been audited in accordance with International Standards on Auditing (ISA) or any other generally accepted auditing standards.

In evaluating the non-IFRS measures, investors should carefully consider the financial statements of the Issuers included elsewhere in this Offering Memorandum. Although certain of this data has been extracted or derived from the financial statements included elsewhere in this Offering Memorandum, this data has not been audited or reviewed by the independent auditors of the Issuer.

Non-IFRS measures such as Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA (total group), free cash flow, net financial debt and leverage ratio are not measurements of our performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider Adjusted EBITDA or free cash flow as an alternative to: (i) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance; (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (iii) any other measures of performance under generally accepted accounting principles. Some of the limitations of Adjusted EBITDA are:

- it does not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments; and
- it does not reflect changes in, or cash requirements for, our working capital needs.

For a reconciliation of Adjusted EBITDA to operating profit and of free cash flow to net cash generated from operating activities, see “*Summary Historical Consolidated Financial Information and Other Data.*”

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. These standards also require management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to our consolidated financial statements included elsewhere in this Offering Memorandum.

Rounding

Certain figures contained in this Offering Memorandum, including financial information, have been rounded according to established commercial standards. Accordingly, figures shown as totals in certain tables contained in this Offering Memorandum may not be an arithmetic aggregation of the figures which precede them.

Industry and Market Data

This Offering Memorandum contains statistical data, estimates and forecasts that are based on independent industry publications, such as those published in databases and reports by Nielsen, or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates or place undue reliance on this information. This information has been obtained from sources believed to be reliable, but some information may be derived from estimates or subjective judgments or may not have been subject to limited audit or validation. Neither we nor Nielsen have independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information and make no guarantees as to the accuracy thereof. In addition, we believe that data regarding the industry and industry market and sales positions, shares, market sizes and growth provide general guidance but are inherently imprecise. None of the industry publications referred to in this Offering Memorandum were prepared on our or on our affiliates' behalf or at our expense. While we are not aware of any misstatements regarding any third-party information presented in this Offering Memorandum, such information is based in part on official statistics, trade associations, trade press, company research, trade interviews and trade services, and as such have not been independently verified by the relevant provider in each case. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "*Risk Factors*," that could cause results to differ materially from those expressed in these publications and other publicly available information, including "*Forward-Looking Statements*" which are not guarantees of future performance. This Offering Memorandum also contains illustrations and charts derived from our internal information, which has not been independently verified unless specifically indicated.

Trademarks and Trade Names

We have proprietary and/or license rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. We do not intend our use or display of other companies' trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its respective holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Offering Memorandum may be listed without the ©, ® and TM symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, trade names and copyrights.

CERTAIN DEFINITIONS

The following terms used in this Offering Memorandum have the meanings assigned to them below (unless the context requires otherwise):

“ Agents ”	means, collectively, the Paying Agent, the Transfer Agent and the Registrar, each as defined herein or identified on the back cover of this Offering Memorandum;
“ Clearstream ”	means Clearstream Banking Luxembourg S.A.;
“ euro ,” “ EUR ” or “ € ”	refers to the currency of the member states of the EU participating in the European Monetary Union;
“ Euroclear ”	means Euroclear Bank SA/NV;
“ European Economic Area ” or “ EEA ”	means the European Union, Iceland, Norway and Liechtenstein;
“ European Union ” or “ EU ”	means an economic and political union of 27 Member States, which are located primarily in Europe;
“ Eurozone ”	means the Member States of the European Union that have adopted the euro as their common currency and sole legal tender;
“ Exchange Act ”	means the U.S. Securities Exchange Act of 1934, as amended;
“ Existing 2026 Notes ”	means the Issuer’s €580.0 million aggregate principal amount of 3.50% Senior Notes due 2026 outstanding;
“ Guarantee ”	means each guarantee of the Notes granted on a senior unsecured basis by each Guarantor;
“ Guarantors ”	means, collectively: Ontex BV (the “ Belgian Guarantor ”); ONTEX CZ s.r.o. (the “ Czech Guarantor ”); Ontex Healthcare UK Limited and Ontex Retail UK Limited (each an “ English Guarantor ”); Ontex France SAS and Ontex Santé France SAS (each a “ French Guarantor ”); Ontex Hygieneartikel Deutschland GmbH, Ontex Mayen GmbH and Ontex Vertrieb GmbH (each a “ German Guarantor ”); Ontex Manufacturing Italy S.r.l. and Serenity S.p.A. (each an “ Italian Guarantor ”); Ontex Polska sp. z o.o. (the “ Polish Guarantor ”); Ontex Peninsular, S.A.U. and Ontex ID SA (each a “ Spanish Guarantor ”); and Ontex Operations USA, LLC and Valor Brands, LLC (each a “ US Guarantor ”). See “ <i>Listing and General Information</i> ”;
“ IFRS ”	means the IFRS Accounting Standards, as adopted by the European Commission for use in the European Union;
“ Indenture ”	means the indenture governing the Notes to be dated as of the Issue Date, among, <i>inter alios</i> , the Issuer and the Trustee;
“ Initial Purchasers ”	means, collectively, BNP PARIBAS, Goldman Sachs Bank Europe SE, HSBC Continental Europe, Banco Bilbao Vizcaya Argentaria, S.A., Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, ING Bank N.V.;
“ ISIN ”	means International Securities Identification Number;

“Issue Date”	means April 3, 2025, the date of issuance of the Notes offered hereby;
“Issuer” or “Company”	means Ontex Group NV;
“July 2025 Par Call Date”	means July 15, 2025, on which date the Existing 2026 Notes are redeemable at the option of the Issuer at par;
“Member State”	means a member state of the European Union;
“NBB Participant”	means NBB-SSS participants whose memberships extend to securities such as the Notes, including certain banks, stockbrokers (<i>sociétés de bourse/beursvennootschappen</i>) and each of Euroclear, Euroclear France, Clearstream, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto and LuxCSD, Iberclear and OeKB and any institution that from time to time may become a direct or indirect participant in the NBB-SSS (and “NBB Participants” shall refer to them collectively);
“Revolving Credit Facility”	means the €270 million revolving credit facility established under the Revolving Credit Facility Agreement;
“Revolving Credit Facility Agreement”	means the credit agreement in relation to the Revolving Credit Facility dated November 27, 2024, as amended from time to time, among, <i>inter alios</i> , the Issuer and the lenders and agents named therein;
“Notes”	means the €400.0 million in aggregate principal amount of 5.250% senior notes due 2030 offered hereby;
“Offering”	means the offering of the Notes hereby;
“Paying Agent”	means Citibank Europe plc;
“Registrar”	means Citibank Europe plc;
“Securities Act”	means the U.S. Securities Act of 1933, as amended;
“Segregated Account”	means the interest-bearing euro denominated segregated account opened for this purpose with Goldman Sachs Bank Europe SE where we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering to the extent that less than the solicited €400.0 million of the Existing 2026 Notes are repurchased by the Issuer pursuant to the Tender Offer. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations, to redeem and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date;
“Tender Offer”	means the cash tender offer launched by the Issuer concurrently with the Offering in respect of up to €400.0 million aggregate principal amount of the Existing 2026 Notes held by eligible holders in reliance on Regulation S, as described in See <i>“Summary—The Transactions”</i> and <i>“Use of Proceeds”</i> ;

"Tender Offer Memorandum"	means the offer to purchase up to €400.0 million aggregate principal amount of the outstanding Existing 2026 Notes. See <i>"Summary—The Transactions"</i> ;
"Transactions"	means the Offering, the Tender Offer, and the use of proceeds from the Offering in the manner described under <i>"Use of Proceeds,"</i> and the redemption (and/or satisfaction and discharge) of the Existing 2026 Notes applying the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, as described in <i>"Summary—The Transactions"</i> ;
"Transfer Agent"	means Citibank Europe plc;
"Trustee"	means BNY Mellon Corporate Trustee Services Limited, as trustee under the Indenture;
"United States" or "U.S."	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and
"we," "our," the "Group" and "us"	unless otherwise indicated, collectively refer to the Issuer and its direct and indirect subsidiaries, taken as a whole.

SUMMARY

This summary contains basic information about us and the Transactions, and highlights information contained elsewhere in this Offering Memorandum about the Transactions and our business, financial performance and prospects. This summary does not contain all of the information that may be important to you in deciding to invest in the Notes and it is qualified in its entirety by the more detailed information and financial statements included elsewhere in this Offering Memorandum. You should read the entire Offering Memorandum, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business" as well as the financial statements and related notes contained in this Offering Memorandum before making an investment decision.

Overview

We are a leading international developer and producer of personal care products for retailers and healthcare providers, with expertise in the baby care, feminine care and adult care markets. Our products are distributed in approximately 100 countries through the retail and the healthcare channels, with a focus on the European and the North American markets. In our Core Markets (as defined herein), we operate 11 plants in Europe, North America and Australia, and as of December 31, 2024, we employed approximately 5,200 employees globally in our continuing operations.

We primarily sell our baby care, feminine care and adult care products to retailers, who commercialize them as their own retailer brands. We develop and manufacture these products helping retailer brands to establish or enhance their own retailer brands. Additionally, we sell products to non-retailer third parties, who commercialize these products under their own brand, through retailers or e-commerce. Approximately 30% of our sales also takes place through the healthcare channel. These sales relate to Ontex branded products, primarily in the adult care product category, which are sold to institutional customers (such as nursing homes, hospitals and social care institutions) and other customers (such as drugstores and specialty medical retailers).

We are a leading supplier of personal hygiene products to retailers and the institutional channel in Europe. We believe we are the leading producer in the retailer brand segment, across the different categories, i.e. in adult care, in baby care and in feminine care. We also believe we are the third largest manufacturer in the healthcare channel. Combined, these positions place us among the overall top three producers in the European disposable personal hygiene market. Additionally, we are growing our position in North America, primarily in the baby care product category and we are the only retailer brand company with bi-coastal manufacturing capacity. Our operations procurement, manufacturing distribution and logistics, engineering, quality and safety functions are consolidated into our Group Supply division. Similarly, our research, development, quality assurance, sustainability and product stewardship functions are centralized in our Innovation and Sustainability division. This centralized set-up ensures that we drive scale, innovation, and productivity across our global operations, thanks to our end-to-end ownership of the product lifecycle: the creation of the right products, at the right cost, with the right materials and the right technologies, with a constant focus on product quality and safety.

Our core product categories include:

- **Adult care**, which comprises light, medium and heavy incontinence solutions for sale to both retail and institutional (e.g. healthcare institutions and pharmacies) channels. Our adult care products include adult diapers, adult pants, adult pads. We also offer continence care services to support healthcare institutions (such as the Ontex Academy and our Smart Diapers, for better healthcare services). Adult care accounted for 39%, 41% and 43% of our consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively;

- **Baby care**, which includes baby diapers and baby pants. Our product range responds to the needs of babies, from newborns to toddlers. Baby care products accounted for 46%, 44% and 43% of our consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively; and
- **Feminine care**, which includes a range of products such as towels, panty liners and tampons, sold through both retailer brands and our own Ontex brands. Through a broad range of feminine care products, we are able to respond to the different needs and lifestyles of women. Feminine care products accounted for 13%, 13% and 13% of our consolidated revenue for years ended December 31, 2022, 2023 and 2024, respectively.

Since 2023, our business is organized in two commercial divisions, Europe and North America, and two operational divisions:

- the Europe division, which is predominantly focused on the marketing and sale of retailer brand products and sales through the healthcare channel in Europe. The Europe division also includes our sales to Australia and New Zealand, as well as limited exports to the Middle East and Africa. Sales in the Europe division span across our three product categories of baby care, feminine care and adult care;
- the North America division, which is predominantly focused on the marketing and sales of retailer brand and non-retailer third-party brand products in the United States and in Canada, currently mainly focusing on baby care products;
- the Innovation and Sustainability division, which includes our research and development, quality assurance, product stewardship and sustainability functions, drives efficiencies of scale and maintains a constant focus on developing the best qualitative product in the most efficient way; and
- the Global Supply Chain division, which includes procurement, manufacturing, distribution and logistics, engineering, quality and safety functions. This centralized set-up ensures that we drive scale and productivity across our global operations, maintaining a constant focus on product quality and safety, thanks to our end-to-end ownership of the product lifecycle.

We are headquartered in Erembodegem (Aalst), Belgium, and have a well-balanced manufacturing and sales footprint through our 11 production facilities globally (excluding discontinued operations). Our facilities are located across Belgium, the Czech Republic, France, Germany, Italy, Poland, Spain, Russia, Australia, the United States and Mexico (the production of which is sold outside of Mexico as part of our North American activities).

We have 13 sales and marketing sites globally, through which we make sales in approximately 100 countries worldwide. The wide reach of our production facilities and sales offices enables us to operate across our two main markets in a cost-effective manner.

As part of our revised strategy announced in 2021, with anticipated execution between 2023 and 2025, which focuses on our European and North American retail and healthcare businesses, we have been actively optimizing the use of our assets across our footprint over the last three years, by pursuing divestment opportunities for our Middle Eastern, African and Central and South American activities (the “**Emerging Markets**”) and restructuring our continuing operations. In 2023, we completed the sale of our Mexican business. In 2024 we completed the sale of our Algerian and Pakistani businesses, and entered into a binding agreement to sell our Brazilian activities. At the start of 2025, we entered into a binding agreement to sell our Turkish activities, and we expect to complete the sales of our Brazilian and Turkish businesses in the course of 2025. As of December 31, 2024, our discontinued operations consist of our activities in Brazil and Turkey. These operate out of two plants, one in each country, as well as one marketing and sales site per country. Overall, our discontinued operations employ approximately 1,800

employees. As we finalize the divestiture of our Emerging Markets activities (our Brazilian and Turkish operations), along with the related supply chain and commercial functions, these remain part of the Group; however, they are classified as discontinued operations and assets held for sale. See “*Recent Developments—Disposal of our Brazilian operations*” and “*Recent Developments—Disposal of our Turkish operations*.”

We enjoy deep and longstanding relationships with our top customers, which are primarily retailers and non-retailer third-party brand owners, and our relationships with the majority of our top 10 customers were established over ten years ago. We also benefit from a diversified customer base, with our largest customer accounting for less than approximately 10% of our revenue and our ten largest customers accounting for less than approximately 40% of our revenue for the year ended December 31, 2024.

Between 2021 and 2024, our net sales grew organically at an average compound annual growth rate of 9.7%, on a like-for-like basis (excluding discontinued operations). For the year ended December 31, 2024, our revenue was €1,860 million, our Adjusted EBITDA was €223 million and our free cash flow was €48 million.

Our Competitive Strengths

Focus on attractive and growing product categories with strong market dynamics

We are a leading international producer of hygienic disposable products, with a focus on innovation and on the attractive and fast-growing retail and healthcare channels in Europe and North America.

Our business footprint is focused on Europe and North America (the “**Core Markets**”), where we have a solid manufacturing footprint and commercial set-up. We also have limited exposure to the rest of the world, i.e. in regions where there is an established retailer brand segment in the market, in particular in Australia, where we have a manufacturing plant. Between 2021 and 2024, our Core Markets revenue experienced a compound annual growth rate (CAGR) of 9.7%.

Over the last three years, the European market for personal hygiene products has been characterized by steady growth, mainly attributable to demographic shifts. These include an increasing demand for adult care products driven by an ageing and more active population, which more than offsets the ongoing slowdown of the European baby care market linked to a declining trend in birth rates. The healthcare institutional channel market remains stable, due to its reliance on government funding and relatively consistent public spend across Europe. The European personal hygiene market as a whole is resilient, as it addresses primary consumer needs not subject to cyclicity.

In the North American market, which is characterized by similar demographic trends we believe that we have significant growth opportunities across the spectrum of the retailer brands sector, both in the baby care market, in which we are currently strengthening our capacity, and the adult and feminine care markets, which we have not significantly entered to this date. This presents substantial room for potential market share growth.

On top of robust growth prospects, our products also benefit from relatively low demand fluctuations as they are non-discretionary consumer staples. Our products have historically demonstrated stable growth even during periods of adverse economic conditions. In fact, in economic downturns, consumer demand tends to shift to more affordable retailer brand alternatives, in which we are a leading player. Once consumers trial retailer brands, they tend not to revert back to more expensive A-brand products. This trend has further strengthened in recent years, due to persisting inflationary pressures in Europe, which caused consumers to reduce and rationalize their spending, intensifying the need for differentiation through value-adding innovation.

Additionally, our products are strategically important to our retailer customers; these products are key drivers of traffic in their stores and attract profitable shoppers, including households with children. Our leadership in retailer brands in Europe positions us perfectly to capitalize on this resilience.

Further, a desire for convenience is driving consumer preferences toward more sophisticated products, offering opportunities for our fast-follower-focused innovation approach, as illustrated by the shift from open diapers to closed baby pants. The fact that retailer brands are currently underrepresented in the sales of these more sophisticated products, represents an additional growth opportunity for Ontex. We believe that our focus on innovation will allow us to capitalize on these structural growth trends across our product categories and geographic markets. Additionally, we are well placed to capture the shift in the adult care category with stronger growth in homecare solutions (i.e. self-pay), compared to the healthcare channel (institutions), thanks to our strong exposure and presence in both channels. Increased awareness and engagement through menopause and women's health education and a reduction of stigma surrounding incontinence, as well as increased traction in sustainability solutions and attention to skin health related hygiene products, contribute to our growth.

Competitive advantages stemming from the scale of our business

We benefit from strong market positions in Europe and North America. In Europe, we are a leading company in the retailer brands segment with a leading position in baby care, adult care and feminine care. We also believe we are the third largest provider by market share in the healthcare channel. Thanks to these strongholds, we estimate that we are among the top three overall players in Europe, and the number two in the adult care category. In North America, we are consistently growing our position, having affirmed ourselves as the only retailer brand focused company with bi-coastal manufacturing capacity, and we have become a preferred partner for multiple non-retailer third-party brands. Additionally, in North America we established ourselves as leading providers of lifestyle brand products.

Our strong position as an international hygiene player drives our scale and provides us with competitive advantages in the areas of customer relationships, manufacturing, R&D and procurement. As a result of our established footprint in Europe and North America, we have been able to build and maintain deep relationships with leading retailers and aim to act as a single-source provider for retailers across the various geographies in which they operate. Thanks to our operational footprint (11 factories across Europe, North America and Australia; 13 marketing and sales offices and five R&D centers), we are among the few companies capable of serving increasingly international customers.

In addition, our overall scale has also allowed us to develop strong manufacturing capabilities, which have enabled us to continuously optimize our cost base, while the breadth of our manufacturing footprint allows us to respond quickly and effectively to changes in customers' requirements while minimizing distribution costs. The cost efficiencies that we are able to deliver through our scale include, for instance, the centralized procurement of raw materials, through arrangements that allow us to benefit from price discounts linked to orders' volume.

We believe that our scale also supports significant investments in R&D, including to strengthen the collaboration between our supply chain and R&D teams to deliver cost-efficiency and improve design to value. Despite offering a wide product portfolio and options for differentiation to our customers, we are able to leverage our scale across common product platforms and R&D developments. This in turn allows us to offer products of comparable quality to those of our branded competitors and to continue to deliver innovations and cost-saving opportunities.

Finally, centralized organizational set-ups for selected corporate functions and capabilities (e.g. operations, human resources and product innovation) allow us to further leverage our scale at efficient cost.

High quality, innovative and sustainability-oriented across our product categories

Hygienic disposables are complex products requiring deep expertise in raw materials and production technologies. Ontex has mastered these technologies through its long history in the industry, through continuous investments in our in-house capabilities, and by leveraging the know-how of our supplier partners. Over the years, we have established a solid focused R&D footprint of five R&D centers, including four global centers of excellence in Europe (for baby care, adult care, feminine care and tampons) and one regional center of excellence in North America. We work closely with and maintain close proximity to our customers, to ensure that we understand the latest developments in their markets and evolution of their needs. This consumer proximity as well as our deep category expertise feed our innovation pipeline. Our R&D teams then develop in-house technologies to deliver these innovations. We have our own in-house engineering department which designs and installs production machines to our standards and requirements.

As a result of our industry-leading R&D capabilities, Ontex has a rich portfolio of significantly innovative and high-quality products. This portfolio enables us to meet our customers' and end-consumers' demands for high-quality yet affordable products, competitive to those offered by the leading A-brands and customized further to the demands of our customers. In independent panel tests, laboratory tests and reviews, many of our products receive quality ratings that are comparable to and sometimes even exceeding those of equivalent branded products. For example, we have a strong pipeline of innovations in our baby care category, and in the course of 2024, we launched major innovations, such as: front and back barriers for baby diapers, back barriers for baby pants, size 8 baby pants and recycled content bags, which contribute to our renewed commitment to sustainability. Additionally, over the last two years, we launched key innovations in our adult care business, including colored discreet pants, new core construction designs including channels for better performance and customer comfort, the Orizon smart diaper service and extra protective overnight pads.

In addition to customer preference for environmentally sustainable packaging and products, our R&D and innovation capabilities enable us to capitalize on the increasing customer focus on healthy hygienic products, by adapting our product design to eliminate components which may be harmful to customers' skin and health in general.

Our ability to supply high-quality products that can compete with those of branded manufacturers is of paramount importance in retaining and winning new business from retailer brand customers. Our customers invest in quality-led products for their store brands, believing that a quality own-label offer is a decisive factor for shoppers in choosing their "go-to" store. As a result, retailers maintain and demand of us very strict quality requirements, including inspections of our production facilities.

Quality is at the very heart of all of our activities. We take compliance and product safety very seriously and have implemented a rigorous system of controls, audits and certification to support our high standards. All of our sites operate by the same Ontex Quality Policy, which is supported by ISO, GMP, BRC and IFS certifications. Our functions, production units and sales offices are all ISO certified. Our plants producing medical devices (mainly incontinence products) are ISO13485 certified and tampons are MDSAP certified. Our systems are regularly audited by external certification bodies as well as customers.

Our products also undergo additional external accreditations such as the Dermatest skin safety label, the Asthma Allergy label, the Oekotex certification that tests for harmful substances, or the GOTS label (compliance with Global Organic Textile Standards). We believe that this demonstrated commitment to product quality and safety makes us a reliable and trusted partner—for our retail customers and end consumers—and enables us to build solid and longstanding customer relationships.

Deep and longstanding relationships with leading retailers and third-party brands and a diversified customer base

We enjoy deep relationships with some of the largest retailers in Europe and North America. In these markets, we primarily develop, manufacture and sell to retailers for their retailer brands and we leverage these relationships to offer our customers products across all categories and the various geographies in which they operate, with the aim of becoming a single-source provider of disposable hygiene products. We currently supply our products through over 200 retailer brands globally.

In Europe, we provide retailers predominantly with retailer branded products, which is to say that we design and manufacture personal hygiene products sold under retailers' own brands. We have strong relationships with international and national retailers in the markets in which we operate, and our relationships with these retailers allow us to grow as they expand their businesses (including through market share gains and distribution expansion). We are also able to generate incremental growth by introducing new products, leveraging close cooperation with, and deep insights by, our retailer customers, to capture evolving end-user needs.

Additionally, in Europe we provide healthcare institutions with Ontex branded adult care personal hygiene products, also offering related services, such as trainings, to the institutions which employ them. We have strong relationships with these institutions in the markets in which we operate. By serving both healthcare institutions and the retail adult care market, we are able to leverage our expertise and innovation, to capture end-users' evolving needs and preferences, particularly in the adult care category.

In North America, a significant portion of our revenues is also generated by retailer brand products and our key customers purchasing our products include large national and international retail chains. Our main focus in this market is currently on baby care products.

We also enjoy deep relationships in the region with leading non-retailer third-party brands sold through retailers or via e-commerce, for whom we undertake contract manufacturing. Thanks to our strong product & development capabilities, we are the preferred partner for many of these non-retailer third-party brand customers to develop the differentiated offerings that will support their growth and bring innovative products to their consumers.

Our business remains relatively diversified, with our largest customer accounting for less than 10% of our revenue and our ten largest customers accounting for less than 40% of our consolidated revenue in the year ended December 31, 2024. Our relationships with the majority of our top 10 customers were established over ten years ago.

Broad manufacturing footprint with well-invested asset base and flexible operating capabilities

We have a broad manufacturing footprint in our continued operations (or "**Core Markets**"), with 11 production facilities located across 11 countries and four global centers of excellence and one regional center of excellence for innovation, which allows us to meet the needs of our customers with a multi-national presence in a flexible and agile way. Thanks to this global presence, we believe we are well positioned among retailer brand producers to serve increasingly international customers. We also believe that we are able to offer customers competitive prices since our manufacturing footprint allows us to leverage scale and optimize logistics costs.

We continuously consider opportunities to optimize our operations and have made investments in order to improve our production efficiency while also positioning us for future growth. For instance, over the last three years, we have (i) divested most of our operations in the Emerging Markets, with the divestment of the Mexican business in 2023, the Algerian and Pakistani businesses in 2024 and binding commitments to divest the Brazilian and Turkish businesses in the course of 2025, to focus on our retail and healthcare businesses located in Europe and North America, (ii) restructured our operations in Europe, with the

closure of our plant in Mayen (Germany) in 2022 and our production site in Eeklo (Belgium) in 2024, as well as the transformation of our production site in Buggenhout (Belgium) into a center of excellence for research, development and production of medium and heavy incontinence care products, with the goal to strengthen our competitive position in the European market, (iii) expanded our plants in Spain and Poland with the introduction of additional production halls to strengthen production capacity, and (iv) rolled out new baby and adult pants lines in both Europe and North America, to support the growth our business and strengthen our new focus on the Core Markets. See *“Recent Developments—Disposal of our Brazilian operations”* and *“Recent Developments—Disposal of our Turkish operations.”* With these recent and ongoing initiatives, we believe that we are well positioned to continue to grow our revenue. In 2025, management expects that capital expenditures will remain broadly in line with 2024 levels, at approximately 5% of revenue, mainly to support growth of our North American business and our cost transformation program, and we expect these capital expenditures to reduce from 2026 onwards, as the investments related to the cost transformation program will decrease.

We also maintain a continuous focus on cost excellence in our end-to-end supply chain. We continuously invest in improving the efficiency of our factories and warehouses through, among other things, planned maintenance, machine upgrades, automation systems and racking systems to increase storage capacity. Additionally, we have advanced in-house manufacturing excellence and engineering capabilities. In 2023 we launched a cost transformation program to boost the delivery of these excellence projects across our manufacturing and warehousing locations, which will remain a strong focus going forward. This delivered approximately €70 million net cost savings in 2024 across our Core Markets, and €72 million and €56 million gross cost savings in 2023 and 2022, respectively.

The flexibility of our production facilities allows us to deliver customized products to our customers and to respond to changes in demand for our products by reallocating production across our production facilities. It also enables us to respond with agility when facing unpredictable disruptions in our supply chain and potential raw material sourcing issues. We can also upgrade the technology of our product lines with minimal business disruption because of our ability to temporarily reallocate production across facilities. This also facilitates the sharing of manufacturing best practices, which enables us to realize production efficiencies and optimize our cost base across the plant network. Our deep engineering expertise also allows us to redeploy existing machines to support our expansion into new geographies while limiting capital expenditure and operating costs.

Last but not least, we are able to manage a high level of complexity, demonstrated by our wide range of stock keeping units, or SKUs, which involve different sizes, concepts and absorption levels. We offer a high level of product differentiation while leveraging common product platforms across our customers, thereby leveraging the scale of our R&D investments. We are also working continuously to reduce the complexity inherent to a growing and dynamic product range.

R&D capabilities enabling us to deliver a steady stream of innovations

Our innovation program, rooted in our commitment to making innovations accessible to everyone, is built on four principles, which we pursue by partnering with customers, suppliers and other stakeholders: accessibility, affordability, sustainability, and efficiency of our products.

Our ability to deliver product innovations is illustrated by the 13 innovations (requiring technology developments and resulting in product upgrades, new features and range extensions) we delivered in our Core Markets in 2024. Product innovations range between significant product updates, typically occurring every 2-4 years, to smaller and more frequent innovations relating to the introduction of new features, sizes, positioning. The technologies underlying our product platforms are designed with a focus on scalability, keeping our Core Markets in mind since their inception. This enables us to deploy them efficiently across all of our Core Markets, allowing us to cater to specific consumer preferences across different markets, while maintaining cost efficiency and reducing development timelines. Additionally, our

product platforms are designed to meet our goals to achieve affordable and sustainable design (reducing our CO2 emissions and plastic usage at an affordable cost).

Our strong track record of delivering innovation over recent years includes: (i) *Dreamshield 360°*, the baby pant anti-leak technology launched in Europe; (ii) *Dreamshields*, the baby diaper designed for all-round leak protection and healthy and fresh skin, commercialized across Europe; (iii) our high absorption pants with enhanced softness tailored for medium-heavy incontinence customers, launched in Europe; (iv) *ConfiiDaily*, the first retailer equivalent liner to come to market following the launch of the comparable A-Brand product, launched by Procter & Gamble in Europe in 2024; (v) *Satin Sense* tampons, the first equivalent retailer product to come to market following the launch of the comparable A-Brand product, launched by Kenvue (formerly Johnson & Johnson) in Europe in 2024; (vi) the continued roll-out of next-generation diapers with superior “fit & leak” protection across various key retailers in the U.S.

Our ability to deliver a steady stream of innovations is underpinned by our continuous investments as well as the unique organization of our R&D infrastructure and team, encompassing more than 100 employees. Our R&D function is primarily conducted through four global product-focused centers of excellence across Belgium, Spain and Germany and our regional North American center of excellence. As we are committed to applying the highest scientific and quality standards, our unique innovation capabilities are strengthened by state-of-the-art laboratories, test stands for core development, dedicated full diaper pilot production lines, and an in-house engineering department and strategic partnership with OEM(s) supporting the design and installation of manufacturing equipment.

We believe that the strength of our R&D department is directly attributable to this unique research infrastructure as well as its close integration with manufacturing capabilities. Furthermore, we continuously seek to enhance our R&D capabilities through extensive collaboration with external laboratories, and partnerships with leading research institutes and start-ups.

Innovation intelligence is essential to fuel our innovation pipeline. To achieve this, we harness consumer trends, monitor competitor positioning, and analyze forthcoming regulatory changes. These efforts ensure our innovation pipeline remains future-proof, allowing us to anticipate A-brand launches and to develop A-brand equivalents ahead of our direct competitors. This approach is supported by our rapid in-house prototyping capabilities, robust partnerships with raw material suppliers, and collaborations with external test institutes. Additionally, we have significantly strengthened our co-creation workshops with customers in Europe and in North America, to be able to launch innovations that meet exactly consumer's demand, and match (or outperform) A-brands. Furthermore, we safeguard our new developments thanks to our in-house intellectual property and trademarking capabilities. We currently have 160 patent families in our portfolio, covering more than 800 individual patents.

Invigorated management team supported by reputable and experienced board of directors

We believe that our management team possesses a unique blend of operational expertise developed through longstanding service in the industry in which we operate, and newly introduced brand and commercial experience needed to drive the implementation of our strategic initiatives. Members of our Executive Committee possess an average of over fifteen years of experience in the retail consumer goods industry.

The longstanding operational experience of our Executive Committee is complemented by the consumer expertise and commercial capabilities of several recently hired new members. Our Chief Executive Officer, Gustavo Calvo Paz, was appointed in November 2022 and brings over 21 years of international experience in the consumer goods sector, including in senior roles with a blue chip U.S. company operating in Europe and the U.S. Our Chief Financial Officer, Geert Peeters, whose broad experience and knowledge in the domains of business transformation and operational and cash efficiency are key assets to pursue our cost transformation strategy, was appointed in December 2023. Additionally, in August 2023, we appointed Marco Querzoli as our Chief Supply Chain Officer, a dedicated position intended to closely manage our

supply chain end-to-end, drive a step change in our customer service level and maximize operational efficiencies. Mr. Querzoli's extensive expertise in supply chain and procurement matters and his experience leading large multinational teams are key for the pursuit of our transformative strategy to increase the efficiency of our operations. In January 2021 we appointed Laurent Nielly as President of our Europe division. Since joining Ontex in 2017, Mr. Nielly has transformed the Company's operations in the face of many challenges and will play a key role moving forward in affirming our leadership position in the retail and healthcare business in Europe. In May 2023, Paul Wood was appointed President of our North America division, bringing considerable experience of general management and commercial leadership especially in retailer brands. The remaining members of our Executive Committee— Jonas Deroo (Chief HR and Legal Officer and Secretary General; with Ontex since April 2015); and Annick De Poorter (Chief Innovation and Sustainability Officer; with Ontex since 2003)—bring decades of experience and deep expertise in their respective fields that we believe to be crucial for delivering our strategic transformation. See "*Management—The Issuer—Executive Committee.*"

Our dynamic management team is complemented by a strong board of directors possessing a wide variety of skills and deep expertise in relevant fields and industries. The members of our board possess an average of 32 years of experience, and a majority have experience and skills in the consumer goods and retail industries. See "*Management—The Issuer—Directors.*"

Our Strategies

Introduction

We enjoy a leading position in the retail personal hygiene market in Europe and North America across our three core categories and the geographies where we operate. Our strategic positioning in the retail and healthcare businesses, our extensive industrial footprint and recognized expertise allow us to benefit from the continued structural growth in demand for our products, driven by positive socio-demographic and adoption trends and shifts in consumer behavior.

We have a unique business model that is based on three elements: proximity, flexibility and affordability. We are close to our customers and we are able to leverage flexibility in operations in order to deliver winning solutions in an affordable way. This model has been the key driver of our success in the past, and since 2022 embarked on a transformation plan to further develop this model to reinvigorate and strengthen our leadership in Europe and North America's retail and healthcare markets. We believe we will achieve this goal by following five strategic pillars:

- *Enhancing customer-centricity*, by fostering strong customer relationships, ensuring service excellence, and simplifying our product portfolio to pursue commercial success;
- *Focusing on competitive and timely innovation*, by leveraging customer insights, designing cost-effective and sustainable products, and achieving innovation through a unified product platform;
- *Bolster our sustainability performance*, by embedding sustainability considerations in every product, investing in our people, and maintaining high ethical standards and full transparency across the value chain;
- *Streamlined and cost-efficient operations*, by harmonizing and upgrading our assets, optimizing our networks, and achieving excellence in manufacturing and industrialization; and
- *a lean and performance-driven organization, to create value for all our stakeholders*, by simplifying processes, fostering a value and results-driven culture, and embracing a diverse and inclusive workforce.

Our strategic agenda, which is outlined in the following paragraphs, is organized around three main value creation drivers: (i) competitive and sustainable innovation, (ii) business expansion, and (iii) best-in-class operations.

Competitive and Sustainable Innovation

Our strategy for innovation is aimed at achieving competitive advantage within the retailer brands segment and the healthcare channel, while fostering sustainable growth. We are focused on maintaining our leadership position through four strategic pillars:

- *Speed to Market*: being the fastest in aligning with A-Brand standards, ensuring that our products consistently outpace retailer brand competitors and capture market opportunities swiftly;
- *Cost Efficiency*: designing cost-effective products by making structural changes that maintain consumer value while reducing overall costs, enhancing affordability, and delivering the same consumer value;
- *Sustainability Commitment*: reducing CO2 emissions and minimizing plastic waste, bolstering our reputation as a sustainability leaders within the industry;
- *Unified Product Platform*: harmonizing our offerings between the European and North American markets, to simplify operations and ensure a consistent brand experience across different regions.

Our innovation pipeline is also focused on the following four major consumer trends, to ensure that we meet evolving customer expectations through our innovations:

- *Fundamentals First*: prioritizing features such as absorbency, leakage prevention (both for daily and nightly products), breathability and dryness, aiming to meet essential consumer expectations with high-quality products;
- *Good for the Planet*: using natural materials, reducing plastic content, and enhancing both recyclability and reusability. This strategy reflects our goal of creating products with a conscious ecological footprint;
- *Good for Me*: recognizing the importance of personal health and safety, by manufacturing products free from harmful chemicals. Additionally, we promote ingredient transparency, to ensure consumers feel safe and informed about their choices; and
- *Comfort Me*: catering to the rising demand for self-care, we focus on offering superior softness, skin-friendliness, and a perfect fit, enhancing the overall user experience.

We plan to launch over 25 innovations in 2025, with 13 launched in 2024, and to develop a robust pipeline of more than 30 innovations to be deployed in subsequent years. Our ambitious sustainability agenda not only seeks regulatory compliance but also aims to establish us as leaders in sustainability within the retailer brands sector. This is driven by our unwavering commitment to actions that benefit the planet, the people, and our business.

Through this comprehensive and strategically focused approach, we are well-positioned to deliver competitive and sustainable innovations that align with both market demands and our long-term objectives.

Business Expansion

Our business expansion strategy for the coming years is focused on two priority markets: Europe and North America.

In Europe, our strategy aims at strengthening our leading position in retailer brands in the baby care, feminine care and adult care product categories, as well as in the healthcare institutional channel. We

pursue this strategy by continuously striving for foundational excellence, maintaining a favorable product mix and focusing on selected products where our competitive position is strong, or for which market demand grows. This includes, for instance, our focus on our position in retail and healthcare within the adult care category, which is growing thanks to societal trends, and in relation to baby pants, for both of which we aim at delivering double digit growth between 2023 and the end of 2025.

In North America, our goal is to sustain and accelerate the growth of our North American operations, through a robust expansion plan delivering double digit growth over the next few years, including by tripling production capacity at our Stokesdale plant by the end of 2025. Our market share in the retailer brand segment has grown over the last few years. While our market share is currently modest, at less than 10% of the retailer brand segment, we have secured contracts with multiple leading retailers, including among the top five retailers in the U.S.

Retailer brands represent a smaller portion of the overall market in North America, compared to Europe, and this represents a significant growth opportunity for our North American business. Our expansion will also be pursued through increased engagement with retailers, co-creating innovations. Our current strategic focus is on baby care products, and we are considering entering other product categories and distribution channels, based on our European experience, within the next few years.

Best-in-class Operations

In 2023 we launched a cost transformation program, aimed at simplifying and improving our supply chain set-up. This consists of a harmonization of: (i) our product portfolio, through the optimization of our warehousing and working capital, including by reducing our product combinations by 45% (ii) our production set-up, by improving efficiencies at our plants and through targeted investments for more than 50% of our production lines (including new, retired and transferred production lines), and (iii) our raw materials supplies, through a higher focus on contract negotiations. Through this program, we aim to improve our cost competitiveness in line with our strategy to deliver quality products at affordable prices.

Further, this simplification also involves the transformation of our manufacturing facilities, including through the recent closure of our Eeklo plant and the refocus of the Buggenhout plant, in line with the reorganization that we rolled out at our Germany operations in the previous years. As we move forward, we are committed to structurally enhancing the cost-efficiency of our supply chain activities, through a robust pipeline of cost transformation initiatives.

In our North America division, our strategic focus is currently on increasing our capacity, to be able to meet the growing customer demand and benefit from societal trends. To reduce the risk of inefficiencies which may result from significant production increases in a limited time span, we are focusing in parallel on gradually improving and stabilizing our operations, to increase our profitability by aligning with our overarching goal of ensuring operational efficiency and sustained growth across key markets.

In addition, we aim to further develop our performance-driven culture, cemented in a new incentivization and remuneration policy aligned with shareholders' interests. Our objective is to clearly cascade ownership and accountability on key goals, which should increase the speed of decision-making. Our performance management system, includes, among others, target setting, monitoring of performance, feedback systems, and a culture emphasizing results over effort. Transparency in the disclosure of performance targets will be a key element in the success of our project.

Continued focus on maintaining a robust financial profile

In addition to the strategic initiatives described above, we intend to continue pursuing a sound financial policy, as demonstrated by reducing the Group's overall indebtedness and financial leverage over the last two years, and we believe that the continued implementation of our strategy will support our efforts in coming years. As part of this plan we intend to more proactively manage our cash and our costs, with a

focus on optimizing capacity and better allocating our capital. We also aim to focus our capital expenditures on initiatives that we believe will have the biggest impact on our business, with the ultimate aim of normalizing our capital expenditures at a lower run-rate level than in recent years.

In the year ended December 31, 2024, our leverage ratio decreased to 2.46x, from 3.25x in the year ended December 31, 2023. In connection with the Transactions we intend to refinance the Existing 2026 Notes, and the Transactions are expected to result in a net reduction to our financial indebtedness of €86.5 million.

Recent Developments

The Revolving Credit Facility

On November 27, 2024 we entered into the Revolving Credit Facility Agreement, under which the Revolving Credit Facility will be made available. See “*Description of Certain Other Indebtedness—Revolving Credit Facility Agreement.*”

Disposal of our Brazilian operations

On September 30, 2024, we entered into a binding commitment to sell our Brazilian business activities to Softys S.A. for an enterprise value of BRL 671 million (at the time of the agreement, equal to approximately €110 million). The sale relates to our baby care and adult care business in Brazil and our manufacturing facility in Senador Canedo in the State of Goiás. We expect the transaction to be completed in the first half of 2025. The business develops, manufactures, commercializes and distributes diapers and pants for the baby care market under the PomPom, Cremer, Sapeka and Turma da Mônica brands, as well as for the adult care market under the Bigfrol brand. The Brazilian operations generated 60% of our total €306.9 million Emerging Markets sales (which have been classified as discontinued operations) in the year ended December 31, 2024.

The disposal of our Brazilian operations is subject to customary closing conditions, including the approval by the Brazilian regulatory authorities, which was granted in the first half of March, 2025. We currently expect the closing of the transaction to occur in the first half of 2025. The cash expected to be received in 2025 in connection with the transaction, before hedging costs and working capital adjustments, will be approximately €85.0 million.

Actual amounts may be different from estimated amounts and no assurances can be given that we will be able to close the disposal of our Brazilian operations by the end of the first half of 2025 or at all. See also “*Risk Factors—Risks Related to the Group's Indebtedness and the Transactions—We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*”

Disposal of our Turkish operations

On February 5, 2025, we announced that we entered into a binding commitment to sell our Turkish operations to Dilek Grup, including the relevant export business and the Istanbul plant. The Turkish subsidiary manufactures, commercializes and distributes mainly own-brand products in Turkey and the surrounding region. The Turkish operations generated approximately 30% of our total €306.9 million Emerging Markets sales (which have been classified as discontinued operations) in the year ended December 31, 2024.

As of the date of this Offering Memorandum, we expect that the transaction will close during the third quarter of 2025, subject to approval by the Turkish competition authority and customary closing conditions. We estimate that the disposal of our Brazilian and Turkish businesses will generate net cash proceeds of approximately €100 million in 2025.

Full-year outlook

The below information includes forward-looking statements that have been prepared by, and are the responsibility of, the Group's management and represent, to the best of the Group's management's knowledge and opinion, the Group's expected results. The statements and figures contained herein were prepared based on a number of assumptions and estimates that are subject to inherent uncertainties and subject to change. Accordingly, our actual results period ending December 31, 2025 may vary from our preliminary estimates below, and such variations could be material. See "Forward-Looking Statements" and "Risk Factors" for a more complete discussion of certain of the factors that could affect our future performance and results of operation.

We currently expect full-year revenue to increase by 3% to 5% on a like-for-like basis, supported by double-digit volume growth in our North America division. We expect our Adjusted EBITDA to be 4% to 7%, supported by revenue growth, as well as the further improvement of our operational efficiencies. Further, we expect free cash flow to remain strong, while we continue to step-up our investments in Ontex's transformation. We expect that this increase in investments in our transformation program will be nearing completion by the end of 2025. In addition, we will also continue to focus on improving our operational efficiencies, long-term growth, returning value to our shareholders and, from time to time, we may evaluate potential value-enhancing acquisitions and other strategic opportunities.

The Transactions

On or about the Issue Date, we intend to use the proceeds of the Notes, together with cash at hand, to repurchase up to €400,000,000 aggregate principal amount of outstanding Existing 2026 Notes (as defined herein) validly tendered pursuant to the tender offer that we launched concurrently with the Offering (the "**Tender Offer**"), and pay related accrued interest, fees and expenses associated with the Tender Offer and the Offering. See "*Use of Proceeds*," "*Capitalization*."

Concurrently with the commencement of this Offering, we launched the Tender Offer to repurchase up to €400.0 million aggregate principal amount of Existing 2026 Notes. The Tender Offer is being made solely to eligible noteholders on the terms and subject to the conditions set forth in the separate tender offer memorandum dated the date hereof (the "**Tender Offer Memorandum**"), to the holders of the Existing 2026 Notes. The Tender Offer will expire at 17:00, CEST, on March 31, 2025, unless extended or terminated earlier by us. The Issuer reserves the right, subject to applicable law, to (i) waive any and all conditions to the Tender Offer, (ii) extend or terminate the Tender Offer, or (iii) otherwise amend the Tender Offer in any respect, in each case, without offering revocation rights to holders of the Existing 2026 Notes. There is no assurance that the Tender Offer will be consummated. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, the closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to tender or sell the Existing 2026 Notes. The Tender Offer is not available and is not being made available to holders of the Existing 2026 Notes who are located in the United States.

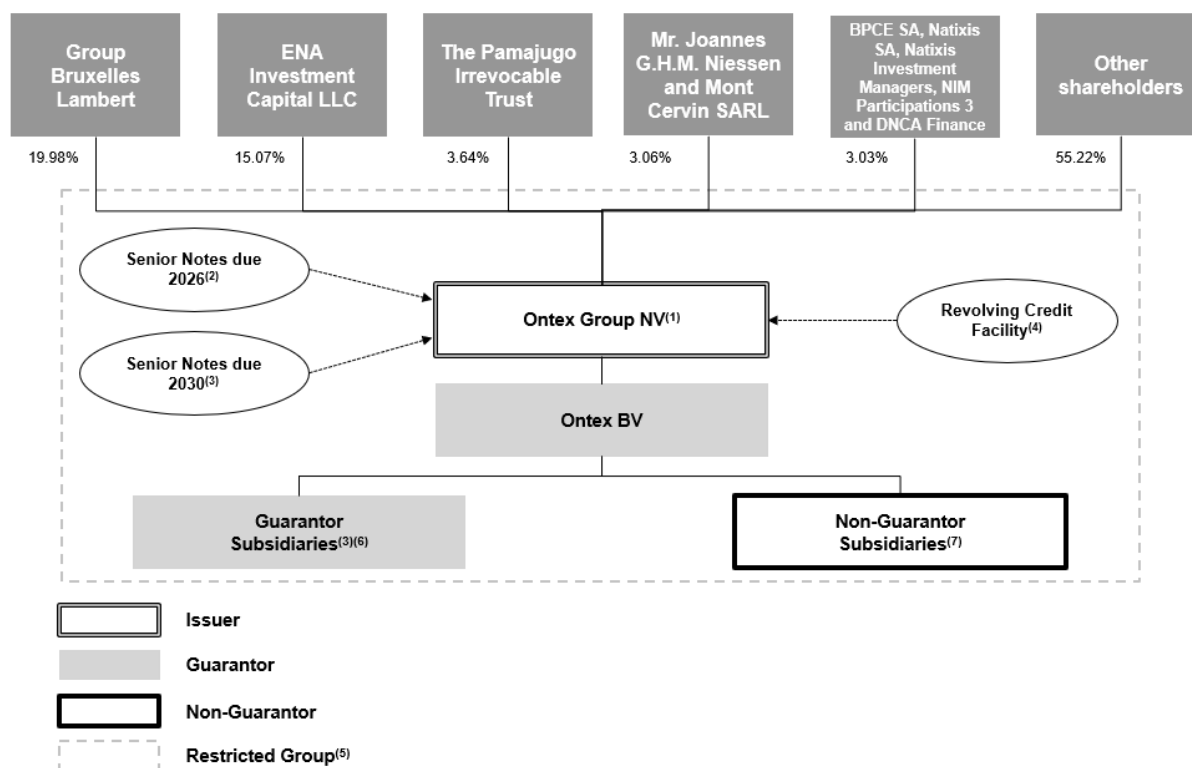
If we purchase less than €400.0 million aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into an interest-bearing euro-denominated segregated account (the "**Segregated Account**") opened for this purpose. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to July 15, 2025 (the "**July 2025 Par Call Date**"). See "*Summary—Recent Developments—Disposal of our Brazilian operations*" and "*Risk Factors—We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date*."

However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.” This Offering Memorandum does not constitute a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date. See “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions— We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*”

The Offering, the and the use of proceeds therefrom in the manner described above and under “*Use of Proceeds,*” including the Tender Offer and the redemption (and/or satisfaction and discharge) of the Existing 2026 Notes applying the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, are collectively referred to herein as the “**Transactions.**”

SUMMARY CORPORATE AND FINANCING STRUCTURE

The chart below depicts a summary of the Group's corporate and financing structure after giving effect to the Transactions. The chart below does not include all entities in our Group, nor does it show all the debt obligations thereof. For further information, see "Summary—The Transactions," "Use of Proceeds," "Capitalization" and "Principal Shareholders and Related Party Transactions." For a summary of the material financing arrangements identified in this chart, see "Description of Certain Other Indebtedness" and "Description of the Notes."



- (1) Ontex Group NV is a limited liability company (*naamloze vennootschap/société anonyme*) whose shares are traded on Euronext Brussels (ISIN: BE0974276082). The shareholder structure shown above is based on the most recent notifications made prior to the date of this Offering Memorandum under the Belgian law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing in Directive 2004/109/EC, and may not reflect the actual amounts as of the date of this Offering Memorandum. See "Principal Shareholders and Related Party Transactions." The Issuer is a holding company that has no revenue-generating operations of its own and will depend on cash from our operating companies to be able to make payments on the Notes or the Guarantees. See "Risk Factors—Risks Related to the Group's Indebtedness and the Transactions—The Issuer and certain of the Guarantors are holding companies that have no or limited revenue-generating operations of their own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes or the Guarantees."
- (2) On July 7, 2021, the Issuer issued €580.0 million aggregate principal amount of 3.50% Senior Notes due 2026 (the "Existing 2026 Notes"). As of December 31, 2024, the Issuer had €580.0 million in aggregate principal amount outstanding of Existing 2026 Notes. Concurrently with the Offering, we intend to launch a tender offer to repurchase up to €400,000,000 aggregate principal amount of

outstanding Existing 2026 Notes validly tendered (the “**Tender Offer**”). The Tender Offer is conditioned upon, among other things, the completion of the Offering; however closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. If we purchase less than €400.0 million aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into the Segregated Account. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to July 2025 Par Call Date. See “*Summary—The Transactions*,” “*Summary—Recent Developments—Disposal of our Brazilian operations*” and “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*” This Offering Memorandum does not constitute a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date. See “*Use of Proceeds*” and “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions— We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*”

- (3) The Notes will be the Issuer's senior obligations. On the Issue Date, the Notes will be guaranteed on a senior basis (collectively, the “**Guarantees**”) by the Guarantors. The Guarantees will be unsecured. The Guarantees will be subject to certain contractual and legal limitations under applicable laws, may be limited to the maximum amount payable by such Guarantor without violating any laws related to corporate benefit, capitalization, capital preservation, financial assistance or transactions under value, or similar corporate laws applicable to each of the Guarantors, or its governing body, in its jurisdiction of incorporation and may be released under certain circumstances. See “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations*” and “*Description of Notes—The Guarantees.*”
- (4) On November 27, 2024, the Issuer, among others, entered into the Revolving Credit Facility Agreement to provide for a senior revolving facility in an amount of up to €270,000,000. The Revolving Credit Facility is guaranteed by the Issuer and the Guarantors on an unsecured basis, and *pari passu* in right of payment with the Notes. See “*Description of Certain Other Indebtedness—The Revolving Credit Facility.*” We expect €24.0 million to be outstanding under the Revolving Credit Facility on the Issue Date.
- (5) The entities in the Restricted Group will be subject to the covenants in the Indenture. See “*Description of the Notes.*”
- (6) As of and for the year ended December 31, 2024, the Issuer and the Guarantors accounted for 76% of the consolidated total assets, 76% of the consolidated revenue and 88% of the consolidated Adjusted EBITDA of the Group.
- (7) As of December 31, 2024, on a *pro forma* basis to reflect the Transactions, the Subsidiaries of the Issuer that are not Guarantors would have had total third-party funded indebtedness of nil (excluding

lease liabilities of €11.4 million), as well as trade payables and tax liabilities, to which the Notes and the Guarantees are structurally subordinated.

THE OFFERING

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes, see “*Description of the Notes.*”

Issuer	Ontex Group NV.
Notes Offered	€400.0 million aggregate principal amount of the Issuer's 5.250% Senior Notes due 2030.
Issue Date	April 3, 2025.
Issue Price	100.000%, plus accrued and unpaid interest from and including the Issue Date.
Maturity Date	April 15, 2030
Interest Rate	5.250% <i>per annum</i> .
Interest Payment Dates	The Issuer will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2025. Interest on the Notes will accrue from the Issue Date.
Form and Denomination	The Issuer will issue the Notes on the Issue Date in dematerialized form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available. Please see “ <i>Book-Entry, Delivery and Form.</i> ”
Clearing and Settlement	The Notes have been admitted for clearance and settlement in the NBB-SSS and Euroclear, Clearstream and the other NBB Participants, as direct or indirect participants in the NBB-SSS. Transfers of interests in the Notes will be effected between the NBB Participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB Participants through which they hold their Notes. Interests in the Notes may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of May 26, 1994, holding their Notes in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS, as further described in “<i>Certain Tax Considerations.</i>” Please see “<i>Book-Entry, Delivery and Form.</i>”
Ranking of the Notes	The Notes will: • be general senior unsecured obligations of the Issuer; • rank <i>pari passu</i> in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes

	(including the Revolving Credit Facility Agreement);
	• be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • be structurally subordinated to all indebtedness of the Issuer's subsidiaries that do not guarantee the Notes; and • be effectively subordinated to any existing and future secured indebtedness of the Issuer, to the extent of the value of the property and assets securing such indebtedness.
Guarantees	On the Issue Date, the Notes will be guaranteed by the Guarantors on a senior unsecured basis.
Ranking of the Guarantees	Each Guarantee will be a general senior unsecured obligation of the relevant Guarantor and will: • rank <i>pari passu</i> in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated in right of payment to such Guarantee (including the guarantees of the Revolving Credit Facility Agreement); • rank senior in right of payment to any existing and future obligations of that Guarantor that are expressly subordinated in right of payment to such Guarantee; and • be effectively subordinated to any existing and future secured indebtedness of that Guarantor, to the extent of the value of the property or assets securing such indebtedness. The Guarantees will be subject to release under certain circumstances. Please see “<i>Description of the Notes—Guarantees—Releases of Guarantees.</i>” The Guarantees will be limited by applicable law or subject to certain defenses that may limit their validity or enforceability, and may be released. Please see “<i>Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—The insolvency laws of applicable jurisdictions may not be as favorable to you as the insolvency laws of the jurisdictions with which you are familiar; other limitations on the Guarantees, including fraudulent conveyance or corporate assistance statutes, may adversely affect their validity and enforceability</i>” and “<i>Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations.</i>”
Optional Redemption	At any time prior to April 15, 2027 the Issuer may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus

	accrued and unpaid interest and additional amounts, if any, to the redemption date plus a “make whole” premium as described under “<i>Description of the Notes—Optional Redemption.</i>” In addition, at any time prior to April 15, 2027 the Issuer may redeem up to 40% of the original aggregate principal amount of the Notes (including the principal amount of any additional Notes issued) with the net cash proceeds of certain equity offerings at the redemption price specified herein. At any time on or after April 15, 2027 the Issuer may redeem all or a portion of the Notes at the redemption prices set forth in this Offering Memorandum.
Additional Amounts	Any payments made by the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If the Issuer or the Guarantors is or are required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, the Issuer or the relevant Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See “<i>Description of the Notes—Withholding Taxes.</i>”
Optional Redemption for Tax Reasons.....	In the event of certain developments affecting taxation which would require the Issuer or a Guarantor of the Notes, if any, to pay Additional Amounts, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to, but excluding the date of redemption. See “<i>Description of the Notes—Redemption for Taxation Reasons.</i>”
Change of Control.....	Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See “<i>Description of the Notes—Change of Control.</i>”
Certain Covenants	The Indenture will restrict the ability of the Issuer and its restricted subsidiaries to, among other things: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or permit to exist certain liens; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments;

	• make certain asset sales; • consolidate or merge with other entities; • enter into certain transactions with affiliates; and • impose restrictions on the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer or any restricted subsidiary. Each of these covenants is subject to significant exceptions and qualifications. See "<i>Description of the Notes—Certain Covenants.</i>"
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. We have not agreed to, or otherwise undertaken to, nor do we intend to, register the Notes or the Guarantees in the United States (including by way of an exchange offer) or file a shelf registration statement with respect to the Notes or the Guarantees. See " <i>Transfer Restrictions.</i> "
No Established Market.....	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.
Listing and Trading	Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted for trading on the Euro MTF Market thereof. There can be no assurance, however, that such listing will be maintained.
Governing law for the Notes and the Indenture	New York.
Trustee.....	BNY Mellon Corporate Trustee Services Limited.
Paying Agent and Registrar	Citibank Europe plc.
Transfer Agent.....	Citibank Europe plc.
Use of Proceeds	The proceeds of the Notes, together with cash at hand, will be used to repurchase up to €400,000,000 aggregate principal amount of outstanding Existing 2026 Notes (as defined herein) validly tendered pursuant to the Tender Offer, and pay related accrued interest, fees and expenses associated with the Tender Offer and the Offering. If we purchase less than €400.0 million aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into the Segregated Account. We currently intend to use the proceeds credited into the Segregated Account, together

	with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to July 2025 Par Call Date. See “<i>Summary—The Transactions</i>” and “<i>Use of Proceeds</i>.” This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell the Existing 2026 Notes or a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes.
Tender Offer	Concurrently with the commencement of this Offering, we launched the Tender Offer to repurchase up to €400.0 million aggregate principal amount of Existing 2026 Notes. There is no assurance that the Tender Offer will be consummated. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, the closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. See “<i>Summary—The Transactions</i>.”
Risk Factors	Investing in the Notes involves substantial risks and uncertainties. Please see the “<i>Risk Factors</i>” section for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The summary consolidated financial information presented below is taken from the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024, prepared in accordance with IFRS.

The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 were subject to an audit by PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL, the Issuer's independent auditors for those years.

We present in this Offering Memorandum certain financial information on an *as adjusted* basis to give *pro forma* effect to the Transactions, including financial data *as adjusted* to reflect the *pro forma* effect of the Transactions on the indebtedness of the Group as if the Transactions had occurred as of December 31, 2024. The *as adjusted* financial information has been prepared for illustrative purposes only and does not represent what the actual indebtedness of the Group would have been had the Transactions occurred on December 31, 2024; nor does it purport to project our indebtedness at any future date. The *as adjusted* financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Regulation, the UK Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments, nor the resulting *as adjusted* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Following our strategic review in 2021, we announced that the Group would pursue divestment opportunities for the activities in "Emerging Markets." Since 2022, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position; as a result, discontinued operations are shown as one line item in the financial statements. The discontinued statement of financial position items are presented at the lower of the fair value less costs to sell and the carrying amount, in accordance with IFRS 5. The associated assets and liabilities are consequently presented as held for sale as from January 1, 2022, and the related financial performance is reported as discontinued operations in the income statement. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Our Results of Operations—Acquisitions, Dispositions and Divestitures.*"

Results of operations for prior periods or years are not necessarily indicative of the result to be expected for any future period. Prospective investors should bear in mind that the performance indicators and ratios that we report herein, such as Adjusted EBITDA, Adjusted EBITDA margin and free cash flow (each as defined in this Offering Memorandum) are not financial measures defined in accordance with IFRS and, as such, may be calculated by other companies using different methodologies and having different results. Therefore, these performance indicators and ratios are not directly comparable to similar figures and ratios reported by other companies.

The following tables should be read in conjunction with the information contained in "*Presentation of Financial and Other Information,*" "*Use of Proceeds,*" "*Capitalization,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Issuer's consolidated financial statements and related notes included elsewhere in this Offering Memorandum.

	Year ended December 31,		
	2022	2023	2024
	(€ in millions)		
Selected Consolidated Income Statement Data:			
Revenue	1,672.2	1,794.7	1,860.5
Cost of sales	(1,294.7)	(1,327.3)	(1,316.7)
Gross Profit	377.5	467.4	543.8
Distribution expenses	(191.3)	(190.5)	(207.0)
Sales and marketing expenses	(82.1)	(81.5)	(81.9)
General administrative expenses	(75.6)	(85.6)	(96.3)
Other operating income/(expenses), net	5.1	(6.6)	(10.1)
Income/(expenses) related to changes to Group structure	(11.2)	(10.3)	(61.9)
Income/(expenses) related to impairments and major litigations	(91.8)	(4.6)	(10.8)
Operating profit/(loss)	(69.4)	88.3	75.8
Finance income	0.8	7.0	4.2
Finance cost	(49.3)	(57.6)	(49.1)
Net exchange differences relating to financing activities	(2.4)	5.5	(6.5)
Net finance cost	(50.9)	(45.1)	(51.4)
Profit/(loss) before income tax	(120.3)	43.2	24.3
Income tax expense	(28.4)	(16.3)	(3.4)
Profit/(loss) for the period from continuing operations	(148.7)	26.9	20.9
Profit/(loss) for the period from discontinued operations	(121.6)	7.9	(10.7)
Profit/(loss) for the period	(270.3)	34.8	10.3
As of December 31,			
	2022	2023	2024
	(€ in millions)		
Selected Consolidated Balance Sheet Data:			
Goodwill and other intangible assets	830.6	828.6	833.2
Property, plant and equipment	420.1	461.5	497.6
Right-of-use assets	110.1	105.2	100.9
Deferred tax assets	12.1	11.7	27.6
Non-current receivables	0.3	29.0	11.1
Total non-current assets	1,373.3	1,436.1	1,470.4

	As of December 31,		
	2022	2023	2024
	(€ in millions)		
Inventories	264.3	252.8	292.9
Trade receivables.....	191.8	206.1	204.1
Prepaid expenses and other receivables.....	36.8	63.5	67.2
Current tax assets	5.0	4.9	3.3
Derivative financial assets	12.1	5.1	6.3
Other financial assets	0.4	0.0	0.0
Cash and cash equivalents	149.1	97.2	56.9
Assets classified as held for sale.....	661.7	296.1	259.3
Total current assets	1,321.3	925.7	890.2
Total assets	2,694.5	2,361.7	2,360.6
Employee benefit liabilities	13.5	14.9	13.4
Interest-bearing debts	891.7	671.8	667.1
Deferred tax liabilities	21.3	19.9	16.0
Other payables.....	0.4	1.0	2.0
Total non-current liabilities	926.9	707.5	698.5
Interest-bearing debts	145.4	141.1	53.1
Derivative financial liabilities.....	15.0	5.4	2.0
Trade payables	405.3	370.5	440.1
Accrued expenses and other payables.....	22.6	20.6	21.1
Employee benefit liabilities	40.4	41.0	45.3
Current tax liabilities	23.0	27.0	31.8
Provisions	8.0	10.0	38.3
Liabilities related to assets classified as held for sale...	249.6	136.6	104.6
Total current liabilities	909.2	752.2	736.3
Total liabilities	1,836.1	1,459.7	1,434.8
Stockholder's equity	858.4	902.0	925.7
Total equity and liabilities.....	2,694.5	2,361.7	2,360.6
	Year ended December 31,		
	2022	2023	2024
	(€ in millions)		
Selected Cash Flow Statement Data:			
Net cash generated from operating activities.....	28.3	160.6	215.7
Net cash generated from/(used in) investing activities	(57.7)	119.0	(101.9)

	Year ended December 31,		
	2022	2023	2024
	(€ in millions)		
Net cash generated from/(used in) financing activities.....	(9.5)	(309.8)	(148.1)
Net increase/(decrease) in cash and cash equivalents.....	(38.9)	(30.3)	(34.3)
Effects of exchange rate changes on cash and cash equivalents.....	1.0	(10.2)	(9.7)
Cash and cash equivalents at the end of the period (total group).....	208.7	168.3	124.2

	As of and for the year ended December 31,		
	2022	2023	2024
	(€ in millions)		
Other Financial Data:			
Adjusted EBITDA ⁽¹⁾	104.0	173.9	222.6
Adjusted EBITDA margin ⁽²⁾	6.2%	9.7%	12.0%
Adjusted EBITDA (total group) ⁽³⁾	135.7	204.6	248.3
Cash and cash equivalents	149.1	97.2	56.9
Total interest-bearing debts.....	1037.1	812.9	720.2
Net financial debt ⁽⁴⁾	867.4	665.3	612.0
Free cash flow ⁽⁵⁾	(115.5)	9.1	47.9
Income taxes paid	(24.9)	(20.8)	(10.3)
Capital expenditures.....	(62.4)	(96.5)	(112.4)

Notes:

- (1) We define Adjusted EBITDA as earnings before net finance cost, income taxes, depreciations and amortizations (commonly called EBITDA) plus EBITDA adjustments. "EBITDA adjustments" are defined as 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. EBITDA adjustments relate to acquisition and divestment-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 EBITDA adjustments are composed of income/(expenses) related to changes to Group structure and income/(expenses) related to impairments and major litigations. Please also see "*Reconciliations of Non-IFRS Financial Measures*" below. Adjusted EBITDA has not been audited. Please also see "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*" for information on the limitations of these measures as analytical tools. Adjusted EBITDA excludes discontinued operations held for sale. As of December 31, 2024, our discontinued operations include our activities in Brazil and Turkey. We expect to complete the sales of our Brazilian and Turkish businesses in the course of 2025.
- (2) We define Adjusted EBITDA margin as the Adjusted EBITDA divided by revenue.

- (3) Adjusted EBITDA (total group) is defined as Group earnings from before net finance cost, income taxes, depreciations and amortizations (commonly called EBITDA) at constant perimeter, *plus* EBITDA adjustments, for the last twelve months. Adjusted EBITDA (total group) includes discontinued operations held for sale. As of December 31, 2024, our discontinued operations include our activities in Brazil and Turkey. We expect to complete the sales of our Brazilian and Turkish businesses in the course of 2025. Adjusted EBITDA (total group) in the year ended December 31, 2024, excludes a €3.5 million contribution of the Algerian and Pakistani activities, which were sold in the first half of 2024. Adjusted EBITDA (total group) in the year ended December 31, 2023, excludes a €18.7 million contribution of the Mexican activities, which were sold in the first half of 2023. For additional information relating to the Adjusted EBITDA (total group), please see Note FIN-4.2.3 to our audited consolidated financial statements included elsewhere in this Offering Memorandum.
- (4) Net financial debt for the Group is defined as the sum of short and long-term debt *less* cash and cash equivalents.
- (5) 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 (defined as purchases of property, plant and equipment and intangible assets), *less* repayment of lease liabilities and including cash (used in)/from disposal, *less* financing cash flows, i.e. interests paid and received, and other financing cash flows (other costs of financing, realized foreign exchange (losses)/gains on financing activities and derivative financial assets).

Reconciliations of Non-IFRS Financial Measures

We define Adjusted EBITDA as earnings before net finance cost, income taxes, depreciations and amortizations (commonly called EBITDA) plus EBITDA adjustments. "EBITDA adjustments" are defined as 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. The following table presents a reconciliation of Adjusted EBITDA to operating profit for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(€ in millions)		
Operating profit/(loss).....	(69.4)	88.3	75.8
Depreciation and amortization.....	70.4	70.7	74.1
EBITDA adjustments ⁽¹⁾	(103.0)	(14.9)	(72.7)
<i>Income/(expenses) related to changes to Group structure</i>	<i>(11.2)</i>	<i>(10.3)</i>	<i>(61.9)</i>
<i>Income/(expenses) related to impairments and major litigations</i>	<i>(91.8)</i>	<i>(4.6)</i>	<i>(10.8)</i>
Adjusted EBITDA.....	104.0	173.9	222.6

Notes:

- (1) EBITDA adjustments relate to acquisition and divestment-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 EBITDA adjustments are composed of income/(expenses) related to changes to Group structure and income/(expenses) related to impairments and major litigations. For additional information relating to the EBITDA Adjustments, please see Note FIN-4.2 to our audited consolidated financial statements included elsewhere in this Offering Memorandum.

The following table presents a reconciliation of free cash flow to net cash generated from operating activities for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Net cash generated from operating activities	28.3	160.6	215.7
Capex ⁽¹⁾	(62.4)	(96.5)	(112.4)
Cash (used in)/from disposal	4.6	15.8	0.2
Repayment of lease liabilities	(25.0)	(25.0)	(24.8)
Interest paid & received	(43.2)	(46.4)	(30.4)
Other financial cash flow ⁽²⁾	(17.9)	0.6	(0.4)
Free cash flow	(115.5)	9.1	47.9

Notes:

- (1) Capex (Capital expenditure) is defined as purchases of property, plant and equipment and intangible assets.
- (2) Other financial cash flow comprises other costs of financing, realized foreign exchange (losses)/gains on financing activities and derivative financial assets.

As Adjusted Information

The following table gives *pro forma* effect to the Transactions as described in "Use of Proceeds," as if the Transactions had occurred on December 31, 2024.

	As adjusted as of December 31, 2024
	<i>(unaudited) (€ in millions)</i>
As <i>adjusted</i> cash and cash equivalents	15.7
As <i>adjusted</i> financial debt ⁽¹⁾	541.3
As <i>adjusted</i> net financial debt ⁽¹⁾	525.6
As <i>adjusted</i> cash interest expense ⁽²⁾	49.8
Ratio of as <i>adjusted</i> net financial debt to Adjusted EBITDA	2.36x
Ratio of Adjusted EBITDA to as <i>adjusted</i> cash interest expense	4.47x

Notes:

- (1) Includes the impact of unamortized cost of debt issuance. Assumes that all the solicited €400.0 million of the Existing 2026 Notes are validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer and that the remaining Existing 2026 Notes are redeemed at par on or prior to the July 2025 Par Call Date. See "Use of Proceeds."
- (2) As *adjusted* cash interest expense is calculated as the aggregate amount of our finance cost (as reported on our income statement) for the year ended December 31, 2024, as *adjusted* to reflect the effect of the

Transactions. These costs have been presented for illustrative purposes only and do not purport to represent our interest expense for any future period or our financial condition at any future date.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Offering Memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could harm us. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that are presently deemed immaterial may also harm us and affect your investment.

This Offering Memorandum contains “forward-looking” statements that involve risks and uncertainties. Our actual results may differ significantly from the results expressed or implied in such forward-looking statements. Factors that might cause such differences include those discussed below. Please see “Forward-Looking Statements.”

Risks Relating to our Industry and our Business

We cannot ensure that we will continue to have access to sufficient quantities of raw materials and our results of operations are exposed to fluctuations in raw materials prices.

We are dependent upon the availability of raw materials for the manufacture of our products. On average, the raw materials and consumables purchased accounted for 75% of our cost of sales for the year ended December 31, 2024 and 78% for the year ended December 31, 2023. The key raw materials and consumables we use are fluff, super-absorbers and non-woven fabrics.

Despite a trend toward industry consolidation among suppliers of our raw materials, we seek to maintain a diverse supplier base. Our top 10 suppliers accounted for less than 50% of total supplier spend in 2024 and, aside from a single contract covering approximately 10%, no single supplier accounted for more than 5% of our total supplier spend. Nonetheless, we cannot ensure that our current suppliers will be able to supply us with sufficient quantities of raw materials at reasonable prices in the future. Furthermore, if we were to lose any of our suppliers, whether as a result of the commencement of bankruptcy proceedings, decisions by suppliers to allocate raw materials to other purchasers or otherwise, there can be no assurance that we will be able to replace any such suppliers or procure substitute raw materials in a timely manner, on acceptable commercial terms, or at all.

Furthermore, the raw materials we use are subject to price volatility due to a number of factors that are beyond our control, including, but not limited to:

- climate change;
- the availability of supply (including supplier capacity constraints);
- general economic conditions;
- market volatility of commodity prices (particularly of crude oil);
- demand by other industries for the same raw materials;
- the availability of complementary and substitute materials; and
- ongoing geopolitical instability and related supply chain disruptions.

In particular, certain chemicals used in our raw materials, including propylene (which is used in the production of super-absorbers), polypropylene (which is used in the production of non-woven fabrics) and polyethylene (which is used in the production of backsheets), are derived mainly from crude oil. Accordingly, fluctuations in the price of crude oil may lead to volatility in our raw materials costs. Additionally, being fluff derived from wood pulp, fluff prices are dependent on fluctuations in wood prices,

which can have a material impact on the cost of our raw materials. Furthermore, fluctuations in the U.S. Dollar/Euro exchange rate may also cause volatility in our raw materials costs, since we make purchases of fluff products in U.S. Dollars and since the reference currency for crude oil is the U.S. Dollar. See “*We make substantial sales and purchases of raw materials in currencies other than Euros, which exposes us to risks resulting from exchange rate fluctuations.*” We generally purchase most of our raw materials against an index which is based on the average price for the previous quarter; however, we cannot assure that our raw materials costs will not increase further in the future, which could adversely affect our results.

Most of our sales contracts have mechanisms in place to allow us to renegotiate prices in case of significant changes in raw material prices; however, the majority of our contracts do not contain automatic raw materials price indexation clauses. If we are unable to pass on increases in raw materials prices to our customers in a timely manner, we may experience lower margins. We may also lose customers or revenue to the extent our customers do not agree to price increases. Similarly, in case of a decline in raw material prices, our customers might expect price reductions; failure to meet customers' price expectations, or the implementations of price reductions greater than decreases in raw material prices could have a negative impact on our business, resulting in loss of customers or revenues. In 2022 and 2023, there was a notable increase in raw material prices, leading to a 24% and 8% rise in the cost of goods sold, respectively. This increase took some time to be reflected in customer pricing, resulting in a temporary reduction in our margins.

We seek to reduce a portion of our exposure to raw material price volatility through hedging of fluff, propylene, polypropylene and polyethylene. There can be no assurance, however, that we will continue to hedge our exposure to volatility in raw material prices or that, where we plan to enter into a hedge, such arrangements will continue to be available to us on commercially reasonable terms or will effectively address the risks relating to fluctuations in raw material prices. Any gains and losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge will be recorded directly on the income statement. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations and ability to meet our profitability targets.

We make substantial sales and purchases of raw materials in currencies other than Euros, which exposes us to risks resulting from exchange rate fluctuations.

Although we prepare our financial statements in Euros, we make substantial sales and purchases of raw materials in currencies other than Euros. In the year ended December 31, 2024, we generated approximately half of our revenue in currencies other than Euros, principally Australian Dollar, U.S. Dollars, Pounds Sterling, Polish Zloty, Czech Koruna, Russian Ruble and Turkish Lira. A weakening of one or more of these currencies against the Euro necessarily reduces our revenues.

In the year ended December 31, 2024, we purchased approximately half of our raw materials in currencies other than the Euro, mainly in U.S. dollars. The raw materials we purchase include, among others, fluff, one of the key raw materials employed in our manufacturing process, which represented approximately 20% of our cost of raw materials (including packaging) for the year ended December 31, 2024. Purchases of oil-based raw materials also indirectly increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars. As we expand our operations in North America, our relative net exposure to U.S. Dollars fluctuations diminishes; however, any strengthening of the U.S. Dollar against the Euro, or against any other currencies in which we generate revenues, could adversely affect our results of operations.

We entered into foreign exchange forward contracts in 2024 maturing at the latest in March 2026 in order to limit volatility in our business resulting from exposures to sales in Pounds Sterling, Polish Zloty and Australian Dollars as well as purchases in U.S. Dollars and Czech Koruna. Please see “*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative*

Disclosure About Market Risk—Foreign Exchange Risk” for more information on our management of foreign exchange risk. There can be no assurance, however, that we will continue to hedge our exposure to foreign exchange rate fluctuations with such forward contracts or that such forward contracts will continue to be available to us on commercially reasonable terms or will effectively address the risks relating to fluctuations in foreign exchange rates. Furthermore, the terms of our foreign currency forward contracts have been negotiated to match the terms of our forecasted transactions in the relevant foreign currency, enabling us to apply hedge accounting, however there can be no assurance that these contracts will continue to qualify for hedge accounting treatment. Any gains and losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge will be recorded directly on the income statement.

Foreign exchange rate fluctuations can also affect the relative competitive position of our various production facilities. Competitors that operate production facilities in different jurisdictions may benefit from foreign exchange rate fluctuations, thereby causing our products to become less attractive. This could particularly be the case for competitors with production facilities located outside the Eurozone, since a significant portion of our production facilities are located inside the Eurozone. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations and ability to meet our profitability targets.

Our business may be materially adversely affected by changes in tariffs or other government trade policies.

For the year ended December 31, 2024, exports (outside of the EU and from the other countries in which we produce our products) represented approximately one third of our total sales, and imports of raw materials and consumables accounted for approximately one third of our cost of raw materials. Exports are significantly affected by applicable tariff barriers and, therefore, the implementation of tariff barriers or the heightening of existing tariffs and other trade restrictions by certain countries could have an adverse effect on the general global economic environment, as well as on our business and results of operations. For example, the U.S. government has increased tariffs on products from certain sectors and countries, such as China, Canada and Mexico, which led to retaliatory tariff increases by certain of the affected countries. Additionally, the Trump administration recently implemented universal tariffs on steel and aluminum imports, which triggered retaliatory tariffs by the EU and Canada. It is uncertain whether the U.S. government will implement further bilateral or universal tariffs applicable to exports from other countries in which we operate, including the EU. For the year ended December 31, 2024, our sales in the United States represented 13% of our consolidated revenues. We operate a plant in Stokesdale, North Carolina, which is ramping up production rapidly; however, a substantial part of the raw materials used in that plant are supplied from abroad, including from Mexico and other countries. We also operate a plant in Tijuana, Mexico, which manufactures products mainly for the U.S. market, and whose production would therefore be materially adversely impacted by tariffs imposed by the United States government. Additionally, part of the raw materials used in our Tijuana plant are imported into Mexico from, among others, the U.S., and would therefore be potentially materially impacted by U.S. tariffs or Mexican import tariffs, if these were to enter into force. If any of the products that we export are subject to increased tariff barriers or trade restrictions, we may not be able to pass on these increased costs to our customers or demand for these products could decrease, which could have a material adverse effect on our business, financial position and results of operations.

We may be adversely affected by competition from branded product manufacturers and retailer brand manufacturers.

The categories in which we operate are mature and highly competitive, as a number of companies compete for consumer acceptance, limited retail shelf space and e-commerce opportunities. Because of the highly competitive environment in which we operate, as well as increasing retailer concentration, our retailer customers, including online retailers, frequently seek to obtain pricing concessions or better trade terms,

resulting in either reduction of our margins or losses of distribution to lower-cost competitors. In Europe, we lost market share between 2018 to 2020, leading to lower revenue. Since 2021, we have improved customer relationships and implemented a cost transformation program to regain competitiveness, however there can be no assurance that our market share will not deteriorate in the future due to competition from other players, which could adversely affect our results.

Competition in our segments is based upon brand perceptions, product performance and innovation, customer service and price. Our ability to compete effectively may be impacted by a number of factors, including:

- certain of our competitors may have substantially greater financial, marketing, research and development and other resources and greater market share in certain segments than we do, which could provide them with greater scale and negotiating leverage with retailers and suppliers;
- our competitors may have lower production, sales and distribution costs, and higher profit margins, which may enable them to offer aggressive retail discounts and other promotional incentives;
- our competitors may be able to obtain exclusive distribution rights at particular retailers or favorable in-store placement;
- our retailers could reduce inventories, shift to different products, or require us to lower our prices to retain shelf placement of our products; and
- we may lose market share to other private label brands sold by retailer chains, or to value brands sold by local competitors or international competitors expanding to new geographical markets, which may be sold at lower prices than our products.

We face competition from branded product manufacturers, who produce, promote and sell products under their own names or brands. Pure branded product manufacturers may have greater financial resources than we have. From time to time, they may increase their marketing and promotional activities in order to preserve market share and pricing for their products. For example, during periods of adverse economic conditions, branded product manufacturers may respond by introducing discounts on their products, which would negatively affect our margins. Price is often a key consideration in purchasing retailer brand products and our retailer customers may lose market share to other retailers or brands whose products are priced more competitively than theirs, which could in turn adversely impact our sales. We also face potential competition from developing economies such as China; the export of products comparable to our products at lower prices to the markets in which we operate may negatively affect our market share and adversely affect our result of operations.

We also face competition from both branded product manufacturers and retailer brand manufacturers in the area of product innovation. Rapid time-to-market for innovative products is key to our competitiveness, both against branded products and against manufacturers' retailer brand offerings. There can be no assurance that we will be able to launch innovative products or make the adequate choices of new production methods, technology or structural redesign of our raw material components in a timely or successful manner. There can also be no assurance that we will be able to obtain and license patents, trademarks and similar proprietary rights from third parties in order to respond to the innovations of our competitors. If we are unable to timely develop innovative products or are unable to obtain and license such proprietary rights, we may lose market share. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations and ability to meet our profitability targets.

We may experience disruptions at our production facilities or, in extreme cases, our production facilities may be shut down, including due to extreme or unfavorable weather conditions, natural disasters and climate change.

We have 11 production facilities located across three continents (excluding discontinued operations). Should a disruption occur at one or more of our production facilities, we could experience temporary shortfalls in production or an increase in our cost of sales or distribution expenses, which could have an adverse effect on our results of operations. In the case of fire, flood, storms, earthquakes, pandemics or other catastrophic events, we may be required to shut down the affected production facilities and there can be no assurance that we would be able to completely or partially utilize our other production facilities to compensate for or mitigate the effects of any such shutdowns. For instance, in March 2025, local heavy rain caused water damage around and inside our plant and R&D center in Segovia, Spain, which resulted in the temporary closure of our facility. We are insured for property and business loss, subject to customary limitations; however, at this stage, a reasonable estimate of the net financial impact of the incident cannot yet be determined with sufficient reliability.

Any disruptions at or shutdowns of our production facilities could compromise our on-time delivery record and diminish our production capacity and thereby have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain our on-time service delivery record, this could adversely affect our ability to attract new customers and retain existing customers.

Our ability to deliver our products on time is key to attracting new customers and retaining existing customers. On-time delivery is particularly important to our large retailer customers. Our ability to deliver products on time may be adversely affected by events or circumstances beyond our control, including, but not limited to, catastrophic events causing the shutdown of one or more of our production facilities, unforeseen increases in order volumes as a result of changes to the competitive landscape or otherwise, the failure of third-party freight carriers to meet scheduled delivery times, any prolonged shortage of freight capacity or other extended disruption of transport services or the failure of our IT platform. For example, in 2022 certain of the ports through which our products are transported temporarily shut down due to a new wave of Covid-19 cases, causing disruptions to trade flows and delayed deliveries across the markets in which we operate. If we are unable to maintain our on-time service delivery record, we may be unable to attract new customers or retain existing customers, which in turn could have a material adverse effect on our business, financial condition and results of operations.

A crucial component of our ability to meet our customers' on-time delivery commitment is our ability to maintain a robust and resilient supply chain, both for the raw materials required to manufacture our products and for the delivery of our finished products to customers. Any failure by our transportation and logistics providers to ensure a steady supply of raw materials to our facilities or timely deliveries of our products to customers, including as a result of labor disputes, significant changes in trade policy, shortages or other inability to procure sufficient shipping capacity, disruption or outage of information and data systems, natural disasters, increasing severity or frequency of extreme weather events due to climate change or otherwise, acts of war or terrorism, disease outbreaks or other external factors over which we have no control, could interrupt our continuous product supply and, if not effectively managed and remedied, could result in contract losses and could have an adverse impact on our business, financial condition, results of operations or cash flows.

Adverse developments with respect to the safety and quality of our products may damage our reputation, increase our costs of operations or decrease demand for our products, and

increasingly stringent product safety regulations may subject us to significant costs and liabilities.

Product safety and the public's perception that our products are safe and high-quality are essential to our reputation and our business. We may be required to recall our products if they fail to meet our customers' quality standards and/or the applicable health and safety standards of the country in which a product is distributed, and we may be subject to product liability claims in connection with or independent of any product recall. We may incur significant expenditures as a result of product recalls or product liability claims. We may also suffer other commercial and financial consequences in connection with product recalls or product liability claims, including fines and payments to customers in respect of destroyed inventory, out-of-stock penalties and consumer complaints. Furthermore, if our products fail to meet our customers' specifications, the contracts governing such products may be terminated and we may not have an opportunity to provide conforming products. Any product recall or product liability claim against us could also subject us to adverse publicity which could harm our reputation and could ultimately adversely affect our business, financial condition and results of operations. Aside from legal obligations, we are also subject to and must consider consumer perceptions of our products' safety. Even if a claim regarding our products is unsuccessful or unwarranted, or is not formally pursued, the negative publicity surrounding such assertions could adversely impact our reputation and brand image and require significant resources to restore our reputation, which could have a material adverse effect on our business.

We are subject to medical device and other product-specific regulations in the markets in which we operate. Legislation concerning medical devices has a tendency to become broader and stricter over time, and enforcement has tended to increase. These regulations vary by jurisdiction and can change frequently, requiring continuous adaptation of our operations and processes to maintain compliance with these varying regimes. In addition, product safety legislation for consumer products, such as the General Product Safety Regulation ("GPSR") in the EU, is also becoming more stringent, further increasing our compliance obligations. Regulatory developments such as updates to the Registration, Evaluation, Authorisation, and Restriction of Chemicals ("REACH") regulation in Europe and new ingredient disclosure laws in the U.S., including the Menstrual Product Right to Know Acts in various states and the NY Baby Diaper Labeling Law, are placing additional requirements on manufacturers to ensure transparency and detailed product composition disclosure. We cannot predict the amounts of any increases in capital expenditures or operating expenses that may be required to comply with applicable regulatory requirements, or whether these costs can be passed on to customers through price increases. We expect that future changes to existing or new regulations may affect our business and could lead to higher costs, or may result in adjustments to our business model. Additionally, in the future we may introduce and manufacture products categorized in stricter regulatory classes than the products we currently produce, which would subject us to increased regulation and scrutiny by competent regulatory authorities. Non-compliance with such laws and regulations may give rise to significant liability, including fines, damages, fees and expenses, and could restrict our access to relevant markets. Any increase in our cost of regulatory compliance, as a result of more burdensome regulations or the introduction of more highly regulated products, could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the medical nature of our products makes their manufacture, packaging, labeling, storage, distribution, advertising and sale subject to extensive and increasing regulation. A number of our products are regulated by health authorities in the EU, the U.S. and other jurisdictions, and by consumer protection organizations in these markets. These regulatory frameworks focus on our product ingredients, the overall safety and efficacy of our products, and our marketing and advertising. These regulatory frameworks exist at the supranational, national, state and local level in the markets where we sell our products. New or more restrictive regulations, or more restrictive interpretations of existing regulations, are likely and could lead to additional compliance costs and could have an adverse impact on our business.

In addition to product safety regulations, we are also facing increasing requirements concerning the sustainability and recyclability of our packaging. The Packaging and Packaging Waste Regulation

(“PPWR”) in the EU imposes stricter rules on packaging materials, recyclability, and reporting obligations, while the Ecodesign for Sustainable Products Regulation (“ESPR”) introduces new sustainability criteria that may require adjustments to packaging designs. Extended Producer Responsibility (“EPR”) schemes in multiple regions are shifting the financial burden of packaging waste management onto producers, requiring compliance with complex and evolving requirements. Frequent regulatory changes in this area increase the risk of non-compliant packaging remaining on the market, as labeling and material specifications must be adapted rapidly. Any failure to comply with packaging and labeling regulations could result in fines, product restrictions, or reputational damage, affecting our ability to maintain market access and meet customer expectations.

As a convertor of complex articles, we are at the end of a long supply chain beginning with our basic raw materials, such as wood and oil derivatives. We are required to demonstrate maximum transparency in defining different substances and in identifying potential contaminants in our products, to ensure that our products are always safe for end-consumers and compliant with relevant laws. The long, multi-stage supply chain and the potential for cross-contamination of our product components makes it difficult to guarantee the absence of certain trace chemicals in our products. Authorities have imposed greater transparency obligations on substances used in these products and from time to time have restricted the use of certain chemicals, which could impact future product developments by restricting the use of certain raw materials or suppliers. Close cooperation with our global suppliers is key to managing these changing regulatory requirements, and we cannot assure that we will be successful in doing so. Additionally, to comply with evolving chemical safety regulations, we must ensure that we fully understand the composition of our products and are able to perform Exposure-Based Risk Assessments (“EBRA”) to assess their safety and regulatory compliance.

We rely on independent third-party certifications to differentiate our products from others, and any failure to maintain these third-party certifications could adversely affect consumers’ perceptions of our products’ safety and quality. For example, we must comply with the requirements of independent organizations or certification authorities in order to label our products as certified (e.g. organic, originating from sustainable sources or the absence of certain chemicals) and we can lose our certifications if we use unapproved raw materials, or incorrectly use a certification on product labels or in marketing materials. The loss of any independent certification could adversely affect our market position and brand reputation as a maker of clean, safe, or environmentally friendly products, and our business, financial condition, results of operations and prospects could be adversely affected.

We may be subject to claims asserting the infringement of intellectual property rights and may be unable to protect our own intellectual property rights.

Our success depends in part on our ability to develop our own innovative products or to respond quickly to the introduction of innovative products by branded product manufacturers and retailer brand manufacturers. We have an internal intellectual property team that collaborates with various other departments to ensure that our products and features comply with third party intellectual property rights and that our innovations and brands are further protected with intellectual property of our own. Please see “*Business—Intellectual Property*” for more details on our intellectual property rights and our approach to intellectual property.

Our intellectual property team leverages both internal resources (such as access to market databases) and external expertise (including intellectual property attorneys and consultants) to assess innovations and developments from an intellectual property perspective at the outset of each new project. The team also engages in discussions with competitors regarding the potential licensing of intellectual property rights in relation to our products and technologies. From time to time, we receive claims from third parties alleging infringement of their intellectual property rights, and vice versa. We are currently involved in certain litigation matters; however we have successfully defended claims in the past, including cases that have been closed in our favor with cost recovery from the opposing party. We continue to vigorously defend our

position in pending offensive and defensive cases (i.e., as plaintiff or defendant). In the event that a license is required in respect of disputed rights, there can be no assurance that such a license would be available on commercially reasonable terms, if at all. Any unfavorable outcome in intellectual property disputes or constraints on acquiring necessary intellectual property licenses on commercially reasonable terms could have a material adverse effect on our business, financial condition, and results of operations.

We may not be successful at retaining our key customers.

Our top ten customers by revenue accounted for 37.9% of our revenues for the year ended December 31, 2024. Our largest customer accounted for 8.3 % of our revenues over the same period. We believe we benefit from a diversified customer base, we are nonetheless subject to regular renewals and competitive tender processes with these customers which could result in contract losses that, individually or in the aggregate, could materially impact our results.

We enter into framework agreements with the majority of our retail customers and distributors. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. These agreements typically do not have a fixed term, and when they do, the term is generally one to two years. Some of these agreements are automatically renewed or continue indefinitely, unless either party terminates. As a result of the non-exclusive basis on which we contract with our customers, as well as the competitive markets in which we operate, our key customers may have stronger bargaining power and may use this leverage to demand higher discounts or allowances, which could adversely impact our margins. In some cases, when we attempt to increase our prices, we may lose customers. Such contract losses can occur for a variety of reasons, including as a result of our inability to meet a customer's product, price or volume requirements, of a competitor offering a new, innovative product at a competitive price or of customers refusing to agree to price increases resulting from rising raw materials costs. If we lose one or more of our key customers, or if any of our key customers demand higher discounts or allowances, this could have a material adverse effect on our business, financial condition and results of operations.

We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur unanticipated costs associated with, potential future acquisitions and divestitures.

From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business, or sales of existing assets or non-core lines of business no longer consistent with our strategic direction. For example, as part of our revised strategy announced in 2021, we undertook a broad strategic reevaluation of our portfolio, also actively considering options to create value for the Group by exiting from certain market channels and geographies that do not form a core part of our renewed focus. We completed the sale of our businesses in Mexico (in 2023), in Algeria and Pakistan (in 2024) and entered into binding agreements to sell our Brazilian and Turkish businesses (both of which are expected to be completed in 2025).

The success of any acquisition depends on our ability to integrate acquired businesses effectively. The integration of acquired businesses, or the spin-off and sale of existing businesses or assets, may be complex and expensive and may present a number of risks and challenges, including:

- the diversion of management time, effort and attention from existing business operations;
- the possible loss of key employees, customers or suppliers;
- the unanticipated loss of revenue or increase in operating or other costs;
- the challenge of developing an understanding of, and new technical skills with respect to, any acquired business;

- the assumption of debt or other liabilities of an acquired business, including litigation related to the acquired business;
- the challenge of realizing a satisfactory purchase price for, and the potential assumption of contingent liabilities and indemnification obligations in respect of, any divested assets or business; and
- expansion into new geographical markets, which may require us to cooperate with local partners with whom we have not previously done business and may subject us to local regulations that may be more onerous than the regulations to which we are subject in our existing geographic markets.

Integrating any acquired business or divesting existing assets may result in additional unforeseen difficulties or liabilities and could impact the effectiveness of our internal controls over financial reporting. A divestiture of assets below book value would result in losses. While the Indenture will generally require us to deploy cash proceeds from an asset disposal towards debt reduction or reinvestment into our business, such requirements are subject to an extended timeline and significant qualifications and exemptions. Furthermore, there can be no assurance that we will realize any or all of the anticipated benefits of any future acquisitions or divestitures, including any expected business growth opportunities, revenue benefits, cost savings or synergies and other operational efficiencies. Any of the foregoing or other factors could have a material adverse effect on our business, financial condition and results of operations.

A global pandemic (or any disease outbreak, including epidemics, pandemics, or similar widespread public health concerns) could have a material adverse effect on our business operations, results of operations, cash flows and financial position.

Our products are largely sanitary essentials to the consumers; however, our business may still be negatively impacted by the fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic or similar widespread public health concern, such as travel restrictions, business closures or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine, for example as a result of the coronavirus (COVID-19) pandemic. These impacts include, but are not limited to:

- significant reductions in demand or significant volatility in demand for one or more of our products, which may be caused by, among other things, the temporary inability of consumers to purchase our products due to illness, quarantine or other travel restrictions, or financial hardship, shifts in demand away from one or more of our more discretionary or higher priced products to lower priced products, or stockpiling or similar pantry-loading activity. If prolonged, such impacts can further increase the difficulty of business or operations planning and may adversely impact our results of operations and cash flows;
- inability to meet our customers' needs and achieve cost targets due to disruptions in our manufacturing and supply arrangements caused by constrained workforce capacity or the loss or disruption of other essential manufacturing and supply elements such as raw materials or other finished product components, transportation, or other manufacturing and distribution capability;
- failure of third parties on which we rely, including our suppliers, contract manufacturers, distributors, contractors, commercial banks and external business partners, to meet their obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties and may adversely impact our operations; or
- significant changes in the political conditions in markets in which we manufacture, sell or distribute our products, including quarantines, import/export restrictions, price controls, or governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions, or

otherwise prevent our third-party partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products, which could adversely impact our results of operations and cash flows.

Despite our efforts to manage and remedy these effects, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak as well as third-party actions taken to mitigate its effects.

The Russia-Ukraine conflict could adversely affect our business and results of operations.

In March 2014, the Russian Federation formally annexed part of Ukraine's sovereign territory, and in February 2022, launched a military attack against Ukraine. In response, the U.S., the European Union, the United Kingdom and other countries have since imposed sanctions on a number of Russian persons and entities, as well as persons and entities based in Russian-occupied territories of Ukraine, including certain financial institutions, energy, media, technology and defense companies, as well as individuals associated with the Russian President and government. Various Russian banks have been excluded from the "SWIFT" international financial communication system and sanctions have restricted transactions with government owned entities, including the Central Bank of the Russian Federation. Additional restrictions in relation to investment, financing and provision of professional services to Russian entities, including Russian subsidiaries of European parent companies, have been introduced. The European Union has also imposed sanctions restricting the export and import of many types of goods and services, increasing the number of sanctions-restricted persons and prohibiting Russian persons from participating in public tenders within the European Union. Additional restrictions imposed by the U.S. include, among others, a prohibition on "new investment" in Russia and in the Russian energy sector, new restrictions on dealings in Russia's sovereign debt, and other debt and equity restrictions with respect to certain listed Russian state-owned enterprises. The Russian Federation has responded with the imposition of countersanctions on so-called "unfriendly" states (which include EU Member States). These developments have led to a high degree of uncertainty in the global financial markets and, in particular, to volatility in the exchange rate of the Russian ruble against other currencies, including the U.S. dollar and the euro. See also "*—Geopolitical developments may have repercussions that could have a negative impact on global or regional economic growth, disrupt markets and materially adversely affect our business, results of operations and growth opportunities.*"

As of the date of this Offering Memorandum, we have sales and marketing offices in Russia and Ukraine and a manufacturing plant in Noginsk, near Moscow. In the year ended December 31, 2024, we generated €95.0 million revenue in Russia and the fixed assets we held in Russia represented €12.5 million consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities).

Since 2022, we have defined tight conditions to our continued operation in Russia, to ensure compliance with the evolving applicable regulations on economic sanctions. This model has led to the progressive autonomation of most of our local activities in Russia within a framework defined at Group level. In this respect, certain intragroup services (including in relation to accounting guidelines, quality audits, and IT security) continue to be provided by Group to our Russian operations, as permitted by a governmental authorization granted by the Belgian Federal Public Service ("FPS") Economy in 2024. Such governmental authorization has a limited duration and further extensions are not guaranteed, which may lead to these intragroup services being discontinued. If our authorization to keep providing intragroup services to our Russian entities were not renewed, our Russian operations would need to procure those services independently and we would have to take certain additional measures to avoid adverse impacts on our Group operations (e.g. in the areas of IT and data security), which could adversely impact our operations and our results.

At the date of this Offering Memorandum, our Russian manufacturing and commercial operations are active, as they provide essential care products, however these are significantly dependent from the supply

of the necessary raw materials and resources to the local manufacturing facility as well as to future developments in the conflict and applicable sanctions regime.

Additionally, continuing or escalating military action and geopolitical tensions as a result of the Russia-Ukraine conflict could have a material adverse effect on our business, financial condition and results of operations to the extent it has an impact on the macro-economic context in which we operate. There is also a risk that the U.S., United Kingdom and European Union may further expand the scope of their sanctions against Russia and that other countries will impose similar or more severe sanctions in the future, and this could impact the Group to the extent that they relate to our presence in Russia or, in a worst case scenario, we could be forced to pull out of Russia. See also “—*Geopolitical developments may have repercussions that could have a negative impact on global or regional economic growth, disrupt markets and materially adversely affect our business, results of operations and growth opportunities.*”

Geopolitical developments may have repercussions that could have a negative impact on global or regional economic growth, disrupt markets and materially adversely affect our business, results of operations and growth opportunities.

As of the date of this Offering Memorandum, the outlook for the global economy remains uncertain. This uncertainty has been exacerbated by geopolitical tensions such as the ongoing war between Russia and Ukraine or the increased tensions in the Middle East, in particular resulting from the Hamas-Israel war. A renewed or future economic recession, further political and economic instability and escalating geopolitical tensions in Europe or globally as a result of any of the foregoing factors could have a material adverse impact on our business and our results of operations.

Despite an improvement in economic conditions in Europe and globally in 2021 and 2022, a highly inflationary environment has been affecting major global economies since the end of 2021. Inflationary pressures have eased since 2024, however, European countries may not achieve the growth rates that they have forecasted or historically observed. This uncertainty, coupled with geopolitical instability, resulted in a significant surge in energy and transportation prices in 2022, which in turn has been, and may continue to be, a key factor in driving inflationary pressures. Protracted inflation driven by geopolitical tensions may ultimately adversely affect general economic conditions, impacting the consumers' purchasing power and thereby demand for our products. For example, demand for personal hygiene products in Europe grew in the course of 2022, to subsequently drop in 2023 and to only stabilize in 2024. However, retailer brands underwent more contained losses, as the overall demand drop was partly offset by down-trading to better value-for-money retailer brands by customers of branded providers, resulting in an increase in demand in 2023.

Additionally, in reaction to the high inflation since early 2022, central banks have adopted policies resulting in a high-interest rate environment. Although the European Central Bank began rate reductions in June 2024, future inflation remains uncertain. Prolonged high interest rates could diminish product demand, increase financing costs and hinder organic growth funding. High inflation and sovereign debt, combined with weak growth and high unemployment, may further restrict consumer spending, reduce demand, and elevate risks of bad debts and credit counterparty risks.

Our business is subject to numerous risks as a result of our having significant operations and sales in international markets.

We operate 11 production facilities and have 13 sales and marketing teams located across Europe, North America and Australia through which we make sales in approximately 100 countries worldwide. Additionally, as of the date of this Offering Memorandum, we entered into binding commitments for the sale of our businesses in Turkey and Brazil, which we expect to complete in the course of 2025. As a result, we are subject to economic, regulatory, political and other risks associated with operating internationally.

Our business may be adversely affected by economic, regulatory or political conditions or instability in any of the jurisdictions in which we operate or plan to operate, including financial crises, inflation or hyperinflation, currency devaluations, expatriation of cash, civil unrest, acts of terrorism, wars, international conflicts, difficulties in enforcement of contractual obligations (including in respect of payments and receivables and intellectual property rights), difficulties in adopting or complying with or changes in applicable local and international laws or regulations (including environmental laws and regulations and permit and authorization regimes and as a result of new interpretations and more rigorous enforcement, as well as anti-corruption, anti-money laundering and economic sanctions laws and regulations), nationalization of property without fair compensation, corruption and extortion, and greater and tighter government regulation on cross-border trading, production and pricing. For instance, our Turkish operations have *de minimis* sales of baby diapers and incontinence products to a distributor who was known in the past to export part of these products to Iran. Our Turkish subsidiary has contractual protections with that distributor to ensure that such sales comply with applicable sanctions laws, and arrangements were put in place to ensure that such profits remain within our Turkish subsidiary.

As we are operating on a global scale, we also need to ensure the personal safety of our employees in production and other facilities and during travel to high-risk locations. If we are not able to safeguard our employees, this may lead to reputational damage and difficulties in hiring people.

Any such conditions or instability could impact our operations and result in additional expenditures and other commercial and financial impacts being incurred by us in order to comply with or adapt to such conditions or instability and consequently this could have a material adverse effect on our business, financial condition and results of operations.

Changes in customer and end-consumer requirements may negatively impact our sales.

Our ability to timely respond to changing customer and end-consumer requirements is key to retaining and growing our business. Changes in the policies and requirements of our customers, particularly our retailer customers, may negatively impact us. These could include, among other things, changes with regard to inventory destocking, limitations on access to shelf space and the removal of our products, and additional requirements related to safety, environmental, social and other sustainability issues. Changes in end-consumer requirements could include, among other things, changes in favored sales channels (e.g. through a shift to e-commerce versus traditional brick-and-mortar retailers), product innovations and enhanced consumer focus or changing attitudes on safety, environmental, social and sustainability issues. In particular, increasing consumer awareness and rising demand for eco-friendly products has required us to invest significantly in developing products made with organic, recycled, sustainable or environmentally friendly materials. Even if we are successful in creating innovative products that meet consumers' evolving requirements in this regard, we cannot assure that sales of such products or our margins thereon will be sufficient to offset any resulting decline in sales of our traditional products. If sales of our products materially decrease or cease as a result of changes to any customer or end-consumer requirements or our inability to respond adequately to such changes, this could have a material adverse effect on our business, financial condition and results of operations.

Sales of disposable hygiene products via e-commerce has increased in adoption and importance among market participants, particularly during the Covid-19 pandemic, and more consumers purchase these goods through e-commerce channels. According to management estimates, between 15-20% of total baby care transactions are carried out online, with certain countries witnessing more online activity than others, however, the acceleration started with Covid-19 has partly stagnated since the end of the pandemic. Our retailer customers are engaged in e-commerce sales channels with respect to many of our products; however, if e-commerce and other sales channels were to take significant market share away from traditional brick and mortar retailers, and if our retailer customers are not successful in achieving sales growth in e-commerce, our business, financial condition and results of operations may be negatively impacted.

Governments may reduce their spending on healthcare, which could adversely affect the business that we do with public institutions.

In our institutional healthcare channel, our customers are government and health administration authorities and other third-party healthcare payers. Consequently, sales through our institutional healthcare channel, which are largely of adult care products, depend, in part, on the extent to which payments and reimbursements for our products are available from these customers. Given pressure to reduce government spending in many countries, payments or reimbursements for our products may be delayed, reduced or cancelled, governments could default or the collection of outstanding accounts receivable could become more difficult. Additionally, governments have for years been increasing pressure to move away from single use products; any measures banning or limiting the use of our single-use products could cause revenue decreases and have a materially adverse impact on our business.

We have to date been successful in partially mitigating the reduction or cancellation of government payments or reimbursements for these products through product upselling and an increase in sales of our adult care products via self-pay channels, such as drugstores, pharmacies, e-commerce and retail outlets. There can be no assurance, however, that we will be successful in offsetting further reductions or cancellations of payments or reimbursements, or that any resulting loss in revenue will be fully compensated by an increase in sales through our other channels. Any reduction or cancellation of payments or reimbursements for adult care products sold through the healthcare institutional channel could have a material adverse effect on our business, financial condition and results of operations.

We rely on key personnel and on our ability to attract and retain employees.

The successful management and operation of our business depends in part upon the contribution of our executive management team and other key personnel. In addition, our future success depends in part on our ability to continue to identify, attract, develop and retain talent to satisfy current and future needs of the business.

In the North America, in particular, we rely on finding and retaining employees capable of delivering on our growth strategy. Moreover, these employees need intensive and potentially costly training, to gain the extensive experience required to run our facilities and equipment in an efficient way, producing quality products in line with our Group's standards.

The loss of, or diminution in, service of any of our executive management team or other key personnel, or our inability to attract and retain new employees to pursue our business expansion, could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to losses that might be completely or partially uninsured.

We maintain insurance policies with respect to certain operating risks, including product liability, damage to property (including buildings, plants, machinery and stock, including as a result of catastrophic events such as fire, flood, storms and earthquakes), industrial accidents and directors' and officers' liability. There can be no assurance that the level of insurance we maintain is appropriate for the risks to our business or adequate to cover all potential claims. Certain types of losses (such as freight losses and losses resulting from terrorist activities and wars) are not covered by our insurance policies and may be either completely or partially uninsurable or not insurable on commercially reasonable terms. A completely or partially uninsured loss suffered by us could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to extend, renew or renegotiate our collective bargaining agreements or if our relationship with our employees or trade unions deteriorates, our business could be adversely affected, and we may incur material one-off costs associated with reductions in our workforce.

We had approximately 5,200 employees during the year ended December 31, 2024. A majority of our employees in Belgium, France, Spain, Italy, the Czech Republic and Germany are covered by collective

bargaining agreements or represented by trade unions, local works councils or the European Works Council.

While certain of our collective bargaining agreements are for an indefinite term, others need to be renewed from time to time. In the past five years, we have successfully concluded and/or renegotiated collective bargaining agreements without significant work stoppages. See “*Business—Employees*” for further details of our collective bargaining agreements. Although we have not experienced difficulties in the past in renewing our collective bargaining agreements on acceptable terms, there can be no assurance that we will be able to continue to do so in the future.

Furthermore, in the future, should there be significant industrial action, disruptive works council activity or disturbances across our workforce, we could experience a disruption of operations and increased costs as a result. Although we can generally shift production to other facilities that are not affected by industrial action, there can be no assurance that we will be able to do so in all cases. For example, in December 2023 a strike took place in the Belgian plant of Buggenhout; in September 2024, another strike took place in the Belgian plant of Eeklo, to affect the social negotiations regarding our restructuring plans. These were rapidly solved and an agreement between the parties was reached. The impact on the business was minimized, partly also due to such actions being anticipated, however future strikes or other workforce disturbances may occur at our facilities and result in adverse effects to our results of operations.

Our business may also be adversely affected as a result of a deterioration of our relationship with our employees, trade unions and other employee representative bodies. We continuously seek to optimize our operating efficiency, including by rationalizing our manufacturing footprint, and we have closed production facilities in the past and may do so in the future. As part of our revised strategy announced in 2021, we undertook a broad strategic re-evaluation of our portfolio, we realigned our business divisions, we reviewed our global footprint and we are actively considering the best options to create value for the Group, including exiting from certain geographies, lines of business and sales channels that do not form a core part of our renewed focus. These strategic changes in our business may entail the closure of certain production facilities and the consolidation of certain of our head office functions, either of which may result in meaningful headcount reductions. We may incur one-off costs in connection with the implementation of these initiatives, including in relation to employee severance and required social security payments, and these costs could be material. Further, we may face industrial action or employees may otherwise oppose the closure of production facilities. Any such actions could result in a deterioration of our relationship with our employees. Any deterioration in our relationships with employees, trade unions, local work councils or the European Works Council could have a material adverse effect on our business, financial condition and results of operations.

Increasing labor costs may adversely affect our profitability.

An increase in our labor and employee benefit costs could adversely affect our profitability. In the year ended December 31, 2024, our employee benefit expenses represented 20% of our costs. Most of the factors affecting labor costs are beyond our control and we may not be able to adjust our pricing to reflect an increase in labor costs. A shortage of qualified employees, general inflationary pressure on wages or an increase in national minimum wages or industry or union agreed wages in any of the jurisdictions in which we operate could increase our labor costs and have a material adverse effect on our business, financial condition and results of operations.

Failure of our information systems and software could adversely affect our operations.

Our business is dependent on the effective operation and maintenance of our information technology, databases, telecommunications networks, computer systems and other infrastructure, in particular the IT platform we use to manage our operations, including sales, customer service, logistics and administration. Any failure of our information technology networks and systems (or those of our third-party service providers) could result in unforeseen expenses, disrupt our operations (via operational outages or

aberrations or otherwise) and adversely affect our relationships with our customers, suppliers and others. In addition, our information systems may be subject to damage or unanticipated interruptions from security breaches, computer viruses, computer system or network failures, fire, flood, storms and other natural disasters, power loss, operator negligence, physical or electronic loss of data, telecommunications failures, vandalism or other extraordinary events. We have in place a group Business Continuity Plan which works in conjunction with local Business Continuity Plans for each of our manufacturing locations. These plans are tested at least annually to ensure their continued effectiveness and operations. We have not suffered any IT incidents of note so far and we strive to continually adapt to the changing threat landscape; however we can provide no assurance that any such failure, damage or interruption will not occur and that, should such an event occur, that it would not have a material adverse effect on our operations and thereby our business, financial condition and results of operations.

Further, our systems and networks, as well as those of our retailer customers, suppliers, service providers, and banks, may become the target of advanced cyber-attacks or information security breaches which will pose a risk to the security of our services, systems, networks and supply chain, as well as to the confidentiality, availability and integrity of data of our Company, employees, customers or consumers, and disrupt our operations or damage our facilities or those of third parties. As cybersecurity threats rapidly evolve in sophistication and become more prevalent across the industry globally, we are continually increasing our attention to these threats. Moreover, geopolitical tensions such as the ongoing war between Russia and Ukraine and the increased tensions in the Middle East, in particular resulting from the Hamas-Israel war, have given rise to more sophisticated and frequent cybersecurity threats, including cyberattacks potentially sponsored by state actors or others in retaliation against the sanctions imposed by the international community. We assess potential threats and vulnerabilities and make investments seeking to address them, including ongoing monitoring and updating of networks and systems, increasing specialized information security skills, deploying employee security training, and updating security policies for our Company and our third-party providers. However, because the techniques, tools and tactics used in cyber-attacks frequently change and may be difficult to detect immediately, we may face difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after such an attack. As a result, a cyber-attack could negatively impact our net sales and increase our operating and capital costs. In addition, our employees frequently access our suppliers' and customers' systems and we may be liable if our employees are the source of any breaches in these third-party systems. It could also damage our reputation with retailer customers and consumers and diminish the strength and reputation of our brands, or require us to pay monetary penalties.

Periodically, we also need to upgrade our information technology systems or adopt new technologies such as artificial intelligence. If such a new system or technology does not function properly or otherwise exposes us to increased cybersecurity breaches and failures, it could affect our ability to order materials, produce and ship orders, and process payments in addition to other operational and information integrity and loss issues. The Group currently operates on the SAP ECC system, will migrate to the S/4 Hana system before 2027 as support for the current system will be discontinued by that time.

The costs and operational consequences of responding to the above items and implementing remediation measures could be significant and could adversely impact our results. We may also be unable to leverage on rapidly advancing technological developments and artificial intelligence for business improvements and innovation.

A breach of data privacy regulations may result in significant fines and penalties, affect our reputation and adversely affect our business.

In the conduct of our business, we collect, use, transmit and store data within our technology systems. This data includes confidential information belonging to us, our customers and other business partners, as well as personally identifiable information of individuals, including our employees. Although there is a particular focus on the European General Data Protection Regulation ("GDPR"), several other countries in

which we operate have also recently adopted similar data protection legislation. While this legislation varies by country or region, it is often comprehensive and becoming more complex. There has also been a recent trend toward more stringent enforcement of requirements regarding protection of personal data under these regimes, and our failure to comply with these regulations could subject us to significant monetary forfeitures and other penalties. In particular, in the institutional healthcare channel, we routinely process and retain sensitive personal data, including specific information regarding individuals' health histories or medical conditions, which we request in order to recommend the most appropriate adult care products for each individual. The processing and storage of such information is highly regulated under GDPR and other applicable privacy regimes, and any mishandling of this data could subject us to significant regulatory penalties or civil liabilities. As such, any breach in data privacy protection regulations could have a material adverse effect on our business and could lead to a negative reputational impact.

Climate and environmental regulations and the failure to successfully execute our sustainability strategy or meet customer expectations may negatively affect our business and results of operations.

Natural disasters and extreme weather conditions, such as hurricanes, tornadoes, earthquakes, wildfires, or flooding, may pose physical risks to our facilities and disrupt the operation of our supply chain. Additionally, long-term climate shifts, such as rising sea levels, prolonged droughts, and resource scarcity, may impact the availability of key raw materials, including wood pulp and other natural fibers used in our products, as well as water availability for our manufacturing processes.

Concern over climate change may also result in new or additional legal or regulatory requirements designed to reduce greenhouse gas emissions and/or mitigate the effects of climate change on the environment. If such laws or regulations are more stringent than current legal or regulatory obligations, we may experience disruption in, or an increase in the costs associated with sourcing, manufacturing and distribution of our products, which may adversely affect our business, results of operations or financial condition. For example, the adoption by governments of measures restricting the use and distribution of single use products could significantly reduce demand for our products, materially adversely impacting our results of operations. Additionally, regulatory pressure on the environmental impact of packaging and materials is increasing, with new compliance requirements under regulations such as the EU Packaging and Packaging Waste Regulation (PPWR), the Ecodesign for Sustainable Products Regulation (ESPR), and Extended Producer Responsibility (EPR) schemes. These frameworks impose stricter rules on recyclability, waste reduction, and reporting obligations, requiring us to continuously adapt our packaging and labeling to remain compliant.

Our sustainability strategy, which includes targets approved by the Science Based Targets Initiative (SBTi), is centered around the following three pillars: (i) Better for the planet; (ii) Better for people; and (iii) Better for business. We currently have in place a framework to identify and set up actions to manage sustainability risks, however certain events and circumstances, some of which outside of our control, may impact our ability to deliver on our sustainability objectives. If we are unable to deliver on our sustainability strategy, the Group's reputation and its ability to compete effectively with its main competitors may be adversely impacted, which could lead to the loss of customers and have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

We are furthermore subject to the risk of not being able to respond in a timely manner to climate and sustainability expectations and requirements from our customers, governments and other stakeholders. This is particularly relevant in relation to certain sensitive raw materials that we require to manufacture our products and produce disposable finished products, such as paper pulp and plastics. Restrictions or bans on the sale of single-use plastics have been increasing in certain parts of the world and represent one of our primary challenges in the coming years. Heightened consumer scrutiny of disposable products and packaging (in particular plastics), and increased consumer demands with respect to sustainable, recyclable and eco-friendly products could ultimately require us to incur significant costs in substituting certain

materials or designing new products. Additionally, increasing regulatory scrutiny over environmental and sustainability claims, such as the EU's Green Claims Directive, may introduce stricter rules on how we communicate sustainability attributes, requiring us to ensure compliance with evolving disclosure requirements.

We cannot assure that we will be successful in sourcing alternate materials or developing sustainable products, or that we will be able to pass on any increased costs of such products to our customers. We are at risk of losing revenues if stakeholder expectations cannot be met at a competitive price. New regulations in this respect may also increase the cost of doing business or could lead to regulatory fines or taxes.

Furthermore, we may from time to time be subject to third-party environmental, social and governance (“ESG”) rating systems. The criteria used in these ratings systems may conflict and change frequently, and we cannot predict how these third parties will score us, nor can we have any assurance that they score us or other companies accurately. ESG ratings not meeting the standards set by our customers, adverse performance or incidents with respect to sustainability matters, and a deteriorating perception by consumer of the environmental impact of our business, could adversely impact our reputation, the value of our brand, the cost of our operations and the relationships with our customers, which could adversely affect our business and results of operations.

Adverse publicity and the use of social media may adversely affect our reputation or subject us to fines or other penalties.

We may be subject to adverse publicity relating to, among other things, our product quality, brands, customer complaints, production facilities and employee relationships. Adverse publicity may negatively impact our reputation, regardless of whether the allegations are valid. The negative impact of adverse publicity relating to any of our products, brands or production facilities may extend far beyond the product, brand or facility involved to affect some or all of our other products, brands and facilities. Any such adverse publicity may have a material adverse effect on our business, financial condition and results of operations.

Additionally, as laws and regulations and public opinion rapidly evolve to govern the use of social media platforms, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have an adverse effect on our business, financial condition and results of operations.

Changes in the payment terms with our customers or suppliers could adversely impact our working capital needs.

Our customers can from time to time request to, or be forced to, delay their payment. This could occur as part as ordinary negotiations as well as due to unforeseen financial distress of our customers, which can have an adverse impact on our cash flows, liquidity and results of operations. Moreover, from time to time we will implement factoring arrangements against our client receivables, and any unforeseen delays in payments by customers could impact our ability to maintain these factoring facilities in place or to comply with their terms.

Additionally, from time to time our suppliers can request anticipated pay under our supply contracts. This could arise as a result of negotiated terms, a change of our supplier's perception of our creditworthiness, financial distress of our suppliers, or changes in the terms between our suppliers and the credit insurers that they have relationships with. Any such anticipated pay could adversely affect our cash flows, liquidity and results of operations.

Finally, our inventories might undergo unforeseen increases due to volatility or sudden changes in supply or demand, requests of our retailers, or supply chain issues. We may not be able to mitigate the effects of

such volatilities, which could have an adverse impact on our business operations, results and financial position.

Changes in assumptions underlying the carrying value of our assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.

As of December 31, 2024, we had goodwill and other intangible assets of €833.2 million, representing 35% of our total assets. There can be no assurance that we will not in the future be required to recognize an impairment charge in respect of our goodwill or other intangible assets.

Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested at least annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Goodwill on acquisitions of subsidiaries is included in intangible assets and is tested annually for impairment and carried at cost less accumulated impairment losses.

Although we did not recognize any impairments in respect of goodwill or other intangible assets during each of the years ended December 31, 2023 and 2024, we recognized an impairment amounting to €84.1 million in relation to our Russian operations in 2022; furthermore, there can be no assurance as to the absence of significant impairment charges in the future, especially if market conditions were to deteriorate. Impairments do not affect our cash flows, however a small impairment charge relative to the total amount of goodwill could, given the significant amount of goodwill recorded on our statement of financial position, adversely affect our operating profit and equity. For instance, an impairment charge in the amount of 10% of the goodwill on our balance sheet as of December 31, 2024 would have resulted in a negative operating result for the year ended December 31, 2024 and a 8.6% reduction in our equity as of December 31, 2024. Therefore, a goodwill impairment could have a material adverse effect on our business, financial condition and results of operations.

Changes in tax rates, tax liabilities or tax accounting rules could affect future results.

As a multi-national company, we are subject to taxation in various jurisdictions. Significant judgment is required to determine worldwide tax liabilities, including, among other reasons, because tax laws and regulations in effect in the various countries in which we operate do not always provide clear and definitive guidelines. Our effective tax rates and tax exposure could be affected by changes in the composition of our earnings in countries or jurisdictions with higher or lower tax rates, changes to transfer pricing rules, changes in the valuation of our deferred tax assets and liabilities, our ability to utilize tax losses and tax credits (of which we had €633.8 million as of December 31, 2024) or changes in the tax laws and the way such tax laws are applied by tax administrations (possibly with retroactive effect), including through tax rulings issued by the relevant competent tax authorities. For example, the European Pillar 2 Directive introduced a minimum taxation rate of 15% and was transposed into Belgian law by virtue of the law of December 19, 2023 introducing a minimum tax for multinational companies and large domestic groups, published on December 28, 2023. This law introduced a minimum tax at the Belgian level in respect of certain multinational enterprise groups and large domestic groups with annual revenue of at least €750 million.

In addition, we are subject to regular audits of our income tax returns by the tax authorities in the various countries in which we operate. From time to time various governments make substantive changes to tax rules and the application of rules to companies, including changes potentially impacting our ability to defer taxes on international earnings. We regularly assess the likelihood of favorable or unfavorable outcomes in tax audits and amendments to tax laws and regulations in order to determine the adequacy of our provision for income taxes. Although we believe our tax estimates are reasonable, there can be no

assurance that any final determination will not be materially different from the treatment reflected in our historical income tax provisions and accruals. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks from legal and arbitration proceedings, which could adversely affect our results of operations and financial condition.

From time to time we are involved in labor, tax, commercial and other legal proceedings, the outcomes of which are difficult to predict. We could become involved in legal disputes in the future which may involve substantial claims for damages or other payments. Although individually these proceedings do not typically involve substantial amounts, in the aggregate such proceedings or any increase in the number of such proceedings may have a material adverse effect on our business, results of operations and financial condition.

In the event of a negative outcome of any material legal proceeding, whether based on a judgment or a settlement agreement, we could be obligated to make substantial payments, which could have a material adverse effect on our business, results of operations and financial condition. In addition, the costs related to litigation proceedings may be significant. Even if there is a positive outcome of such proceedings, any negative publicity surrounding assertions against our business or products could adversely affect our reputation and we may still have to bear part or all of our advisory and other costs to the extent they are not reimbursable by other litigants, insurance or otherwise, which could have a material adverse effect on our business, results of operations and financial condition. See “*Business—Legal Proceedings.*”

We are subject to certain competition and antitrust laws.

Our business is subject to applicable competition and antitrust laws, as well as rules and regulations of the European Union. We may become subject to legal action or investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of antitrust laws, which could result in fines or other forms of liability, or otherwise damage our business reputation, which could have a material adverse effect on our business, results of operations and financial condition. For instance, in 2016, the Spanish Competition Authority (“CNMC”) found that three of the Company’s Spanish subsidiaries, Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U., as well as several of their competitors, had engaged in the conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products between 1999 and 2014. The CNMC issued an administrative fine to Ontex in an amount of €5.2 million. All fined companies, including Ontex, filed appeals with the Spanish National Court, and, following the rejection of the appeals by the National Court, with the Spanish Supreme Court. On July 6, 2023, the Spanish Supreme Court rejected Ontex’s appeal, rendering the CNMC decision and related administrative fine final. With the CNMC’s decision having become final, third parties (including regional Spanish healthcare organizations) may file claims for damages against Ontex in connection with the subject matter of the CNMC’s decision, which could result in fines and negatively impact our results of operations. Please see “*Business—Legal Proceedings.*”

We cannot assure that we will not be subject to similar investigations in the future or that such investigations will not result in significant monetary penalties or other remedies. Such laws and regulations could limit or prohibit our ability to grow in certain markets, in particular markets characterized by a high degree of industry consolidation.

We are exposed to general counterparty risk.

We have contracts with a variety of third parties including, among others, customers, suppliers and hedging counterparties. We do not have control over the management or business of these third parties except indirectly through terms we negotiate in our contracts with these third parties and we are exposed to risks associated with the financial condition of these third parties. If any of these third parties experience financial difficulties or changes or terminates its contractual commitments to us, we may incur costs enforcing our

contractual rights and we may incur significant losses from our exposure to third parties. This could materially adversely affect our business, financial condition and results of operations.

We are subject to interest rate risks.

We are subject to interest rate risks as we have certain interest determined on a variable basis, either through unhedged variable rate debt or derivative hedging contracts, that could lead to a material increase in our obligations. Furthermore, there can be no assurance that we will, or will be able to, hedge our full exposure or that our hedging transactions will be effective. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with our ordinary business. Depending on market conditions and movements in interest rates, our use of hedging transactions could enhance or harm our overall performance compared to our competitors. In addition, we are subject to the creditworthiness of the counterparties under our hedging transactions, and we will be exposed to the risk of insolvency or default on the part of our hedge counterparties.

Risks Related to the Group's Indebtedness and the Transactions

We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.

To the extent that less than the solicited €400.0 million of the Existing 2026 Notes are repurchased by the Issuer pursuant to the Tender Offer, we intend to deposit any remaining cash proceeds from the Offering into an interest-bearing segregated account. We currently intend to use the proceeds deposited into the Segregated Account to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to July 15, 2025 (the “**July 2025 Par Call Date**”). No assurances can be given to investors as to the exact timing of any such redemption and/or satisfaction and discharge.

Our ability to draw funds from the Segregated Account is not conditioned or legally restricted to such purpose alone and can be accessed on demand. Furthermore, no security will be granted over the Segregated Account and if the Issuer becomes subject to insolvency proceedings, the segregated funds might be deemed to be property of the bankruptcy estate, and the holders of the Notes will be unsecured creditors who are subordinated to any claims of secured creditors. Your decision to invest in the Notes is made at the time of purchase. Changes in the business or financial position of the Group between the Issue Date and the completion of the redemption and/or satisfaction and discharge of all of the outstanding Existing 2026 Notes, may have an impact on the Issuer's creditworthiness, and you will not be able to rescind your decision to invest in the Notes as a result thereof.

Moreover, to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date, we also expect to use the expected cash in connection with the disposal of our Brazilian operations, which we expect to become available in the first half of 2025. However, the disposal of our Brazilian operations is subject to certain closing conditions and, as result, the exact completion and timing of the closing of such disposal remains uncertain. In the event that there is a shortfall in available funds necessary to redeem and/or satisfy any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date (including, without limitation, as a result of a delay in the closing of our Brazilian operations' disposal), the Group and the Issuer may be required to borrow money at the prevailing market (and therefore heightened relative to recent times) interest rates, leading to associated cost pressures or the possible inability to raise finance to finance such redeem and/or satisfy and discharge on or prior to the Existing 2026 Notes Par Date.

This Offering Memorandum does not constitute a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes

on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date.

There can be no assurance that all of the Guarantors will provide Guarantees to the Notes within the time period specified in the Indenture.

On the Issue Date, the Guarantors will guarantee the Notes on a senior basis. There can be no assurance, however, that we will be successful in procuring the issuance of the Guarantees within the time period specified. Moreover, it should be noted that, in certain jurisdictions, if a guarantee is granted after the underlying obligation arose, such guarantee may be subject to claw-back provisions under applicable local insolvency laws. See “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations.*”

The substantial leverage and debt service obligations of the Group could adversely affect its business and may prevent it from fulfilling its obligations, including under the Notes and Guarantees.

The Group currently has, and after the issuance of the Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of December 31, 2024, on an unaudited as *adjusted* basis to give effect to the Transactions, the Group would have had €432.8 million of outstanding total indebtedness (excluding lease liabilities of €108.5 million), including €400.0 million in aggregate principal amount of Notes offered hereby and €24.0 million representing the aggregate principal amount drawn under the Revolving Credit Facility Agreement (which allows for borrowings up to an aggregate amount of €270m, subject to certain conditions). See “*Capitalization.*” The Group anticipates that its high leverage will continue to exist for the foreseeable future and the covenants under the Revolving Credit Facility Agreement and the Indenture will provide the Group with significant flexibility to incur additional debt and make dividends or other distributions. Its significant leverage could have important consequences for the Group’s business and operations and for holders of the Notes, including, but not limited to:

- making it more difficult for the Issuer and its subsidiaries to satisfy its obligations with respect to the Notes and its and their other debts and liabilities, including under the Revolving Credit Facility;
- requiring the dedication of a substantial portion of its cash flow from operations to the repayment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to obtain additional financing to fund acquisitions, joint ventures, working capital, capital expenditures or other general corporate purposes;
- increasing its vulnerability to, and reducing its flexibility to respond to, a downturn in its business or general economic or industry conditions;
- placing the Group at a competitive disadvantage relative to competitors with lower leverage or greater financial resources;
- limiting its flexibility in planning for or reacting to competition or changes in its business and industry;
- negatively impacting credit terms with its creditors;
- increasing its exposure to interest rate increases because some of its indebtedness bears a floating rate of interest; and
- limiting, among other things, its ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on the Group’s business, financial condition, results of operations, prospects and ability to satisfy its debt obligations,

including the Notes. The Group's ability to make payments on and refinance its debt will depend on its future operating performance and ability to generate cash from operations. The Group's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors beyond its control. It may not be able to generate sufficient cash flow from operations or obtain enough capital to service its debt or to fund future acquisitions or working capital expenditures.

For further information regarding the Group's substantial leverage and for more information about its indebtedness that will remain outstanding following the consummation of the Transactions, see also "Description of the Notes" and "Description of Certain Other Indebtedness."

Restrictions imposed by the Indenture and certain of the Group's other outstanding debt agreements will limit its ability to take certain actions, which may limit the Group's ability to finance future operations and capital needs and to pursue business opportunities and activities.

The Indenture, the Revolving Credit Facility Agreement and other outstanding debt agreements limit the Group's flexibility to operate its business. For example, certain of these agreements restrict the Issuer's and certain of its subsidiaries' ability to, among other things:

- incur or guarantee additional debt;
- create or incur certain liens or secure indebtedness;
- make certain payments, including dividends or other distributions, in respect of the shares of such entity;
- enter into guarantees with respect to certain types of indebtedness without also guaranteeing the Notes;
- pay dividends;
- sell, lease or transfer certain assets, including capital stock of restricted subsidiaries;
- make minority or joint venture investments;
- engage in certain transactions with affiliates;
- prepay or redeem subordinated debt;
- create unrestricted subsidiaries; or
- merge, consolidate or sell, lease or transfer all or substantially all of the Issuer's or the Guarantors' assets.

The Revolving Credit Facility Agreement contains a maintenance financial covenant that is tested on a semi-annual basis. In addition, the Revolving Credit Facility Agreement provides for various customary representations and undertakings as well as affirmative covenants and negative covenants, including relating to acquisitions, disposals and mergers, which restrict certain aspects of the Issuer's business, as well as events of default provisions. If the Issuer fails to comply with any of these representations, undertakings, or covenants and it is unable to remedy (if applicable) such failure or fail to obtain a waiver or consent, a default could result under the Revolving Credit Facility Agreement which could result in termination rights, acceleration rights, draw stops or increases in interest rates or fees. In these circumstances, the Issuer's assets and cash flow may not be sufficient to repay in full the defaulted debt under the Revolving Credit Facility Agreement. If such debt was accelerated and the Issuer's financial resources were insufficient to discharge its obligations under such agreement, the Issuer could be forced into bankruptcy or liquidation.

The operating and financial restrictions and covenants in the Indenture and certain of the Issuer's credit facilities may adversely affect its ability to finance its future operations or capital needs or engage in other business activities that may be in the Issuer's interest. In addition to limiting the Issuer's flexibility in operating its business, a breach of the covenants in the Indenture or certain of the Issuer's credit facilities could cause a default under the terms of each of those agreements, thereby causing all the debt under those agreements to be accelerated. If this were to occur, the Issuer may not have sufficient liquid assets to repay its debt.

The Revolving Credit Facility Agreement and the Indenture require the Issuer and certain of its subsidiaries to comply with various covenants, including certain financial covenants, which require the Issuer and certain of its subsidiaries to maintain specified financial ratios, satisfy specified financial tests and comply with operational parameters and certain other undertakings. See "*Description of the Notes—Certain Covenants*" and "*Description of Certain Other Indebtedness*." The Issuer and its relevant subsidiaries' ability to meet these financial ratios and financial tests could be affected by deterioration in the Issuer's operating results, as well as by events beyond the Issuer's control, including unfavorable economic conditions, and there can be no assurance that the Issuer and its relevant subsidiaries will be able to meet these financial ratios and financial tests. Moreover, certain credit facilities of the Issuer include, and in the future might include, certain events of default (such as breaches of representations, warranties and undertakings and if the Issuer or certain of its subsidiaries fail to make payment when due on certain other debt) that are different from the events of default set forth in the Indenture. If an event of default occurs under the Indenture or any of the Issuer's other debt instruments and is not cured or waived, the holders of the defaulted debt could terminate their commitments and declare all outstanding debt, together with accrued and unpaid interest and other fees, to be immediately due and payable. Borrowings under the Issuer's debt instruments, including the Notes, that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand as a result of an event of default under such debt instruments. In these circumstances, the Issuer's assets and cash flow may not be sufficient to repay in full the defaulted debt and its other debt, including the Notes then outstanding. If some or all of these instruments were accelerated, the Issuer could be forced into bankruptcy or liquidation, and it may not be able to repay its obligations under the Notes in such an event.

Any future debt may include similar or other restrictive terms. These restrictions could materially and adversely affect the Group's ability to finance its future operations or capital needs or to engage in other business activities or consummate transactions that may be in its best interests.

The Issuer may incur substantially more debt in the future, which may make it difficult for it to service its debt, including the Notes, and impair its ability to operate its business.

The Group may incur substantial additional debt in the future, including debt in connection with future acquisitions. As of December 31, 2024, on an unaudited *as adjusted* basis to give effect to the Transactions, the Group would have had €432.8 million of outstanding total indebtedness (excluding lease liabilities of €108.5 million), including €400.0 million in aggregate principal amount under the Notes and €24.0 million representing the aggregate principal amount drawn under the Revolving Credit Facility Agreement (which allows for borrowings up to an aggregate amount of €270m, subject to certain conditions). See "*Capitalization*."

The terms of the Revolving Credit Facility Agreement and the Indenture will permit its subsidiaries to incur additional debt as well, in each case, subject to certain limitations. See also "*— The Notes and the Guarantees are structurally subordinated to the indebtedness and other obligations of the Group's non guarantor subsidiaries*." These limitations are subject to a number of significant qualifications and exceptions and as a result, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Moreover, the debt the Group may incur in the future could be structurally senior to the Notes, could mature prior to the Notes or may be secured by collateral. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions on

the incurrence of such additional senior indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of senior indebtedness that could be incurred in compliance with these restrictions could be substantial.

If new debt is added to the Issuer's and its subsidiaries' existing debt levels, the related risks that the Issuer now faces would increase. For a discussion of its cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." In addition, the Indenture will not prevent the Issuer from incurring obligations that do not constitute debt under those agreements, including trade payables. The Group's inability to service its debt could have a material adverse effect on its business, financial position and results of operations and its ability to fulfill its obligations under the Notes and the Guarantees.

The terms of the Group's borrowings could materially adversely affect its financial condition and the Revolving Credit Facility Agreement contains a maintenance financial covenant.

The Group faces a variety of risks related to its borrowings, including the risk that interest expense arising from these borrowings may increase in the future. The Group may wish to undertake additional borrowings in the future, including for investment and capital expenditure to support ongoing operations or for potential future acquisitions, which could increase its exposure to these borrowing-related risks. Also, some of its borrowings have covenants related to the total debt leverage of the Group, which when breached could lead to either an increase in the interest that the borrowing accrues or a repayment obligation in respect of such borrowing. In particular, the Revolving Credit Facility Agreement contains a maintenance financial covenant that is tested on a semi-annual basis. In light of the risks associated with the Group's business described in more detail in this Offering Memorandum, the Group may not be able to maintain its current financial position at the levels required to meet the maintenance financial covenant in the future. A breach of the maintenance financial covenant would result in a default under the Revolving Credit Facility Agreement unless the Issuer can obtain waivers or consents in respect of any breach of the obligations thereunder. It is uncertain whether these waivers or consents would be granted. In the event of any default under the Revolving Credit Facility Agreement, the lender or lenders thereunder could elect to declare all outstanding borrowings, together with accrued interest, fees and other amounts owing thereunder, to be immediately due and payable. In addition, indebtedness under other instruments that contain cross-default or cross-acceleration provisions, including the Notes, may also be accelerated and become due and payable. See "*Description of Certain Other Indebtedness—Revolving Credit Facility Agreement—Events of Default*".

The Group also faces risks that, in the long term, it may be unable to refinance some or all of its borrowings on similar terms to its existing debt, on terms that it deems appropriate or at all. The Group's ability to refinance its borrowings or to undertake additional borrowings in the future may be affected by a number of factors, including its operating and financial performance, as well as broader market and macroeconomic conditions that are outside its control.

If the Group's future cash flow from operations and other capital resources (including borrowings under the Revolving Credit Facility Agreement) is insufficient to pay its obligations as they mature or to fund its liquidity needs, it may be forced to:

- reduce or delay certain business activities and capital expenditures;
- sell assets or equity;
- obtain additional debt or equity capital;
- forgo strategic opportunities, such as acquisitions of other businesses; or
- restructure or refinance all or a portion of its debt, including the Notes, on or before maturity.

We cannot assure that it would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. At the maturity of the Notes or any other debt which the Issuer may incur, if the Issuer does not have sufficient cash flows from operations and other capital resources to pay its debt obligations, or to fund its other liquidity needs or the Issuer is otherwise restricted from doing so due to corporate, tax or contractual limitations, it may be required to refinance its debt. Any refinancing of its debt could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict the Group's business, financial condition and results of operations. The type, timing and terms of any future financing will depend on the Group's cash needs and the prevailing conditions in the financial markets. If the Group is unable to refinance all or a portion of its debt or to obtain such refinancing on terms acceptable to the Group, it may be forced to reduce or delay its business activities or capital expenditures, sell assets or raise additional debt or equity financing in amounts that could be substantial. In addition, the terms of the Notes and any future debt may limit the Issuer's ability to pursue any of these measures.

If the Group is unable to satisfy its obligations through alternative financing, it may not be able to satisfy its debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross-acceleration or cross-default provisions, including the Notes and the Revolving Credit Facility Agreement, may become payable on demand, and the Issuer may not have sufficient funds to repay all its debts, including the Notes.

A significant change in finance costs, whether due to higher levels of borrowing or an increase in interest payable on future borrowings, or an inability to obtain financing on acceptable terms or at all may have a material adverse effect on the Group's business, results of operations, financial condition and prospects and the business.

The Issuer and certain of the Guarantors are holding companies that have no or limited revenue-generating operations of their own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes or the Guarantees.

The Issuer and certain of the Guarantors are holding companies with no or limited business operations and no assets other than inter-company receivables and the equity interests they hold in each of their subsidiaries. These entities will therefore be dependent on the cash flow from the operating subsidiaries of the Group in the form of dividends, interest payments on inter-company loans or other distributions or payments to meet their obligations, including their obligations under the Notes and the Guarantees, as well as under the Revolving Credit Facility Agreement.

If the subsidiaries of the Issuer do not fulfil their obligations under the inter-company loans and do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts of dividends and distributions available to the Issuer and the holding company Guarantors will depend on the profitability and cash flows of the operating companies within the Group. The subsidiaries of the Issuer may not, however, be able to, or may not be permitted under applicable law to pay dividends or distributions or otherwise make upstream payments or advance upstream loans to their shareholders (including the Issuer and the holding company Guarantors) to make payments in respect of its debt, including the Notes and the Guarantees.

The Notes and the Guarantees are structurally subordinated to the indebtedness and other obligations of the Group's non-guarantor subsidiaries.

Only the Guarantors will provide the Guarantees for the benefit of the holders of the Notes. Any claim by the Group or any of its creditors, including the holders of the Notes, against any non-guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of such subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those subsidiaries, and claims of preferred and minority stockholders (if any) of those subsidiaries. The Indenture does not limit the transfer of assets

to, or the making of investments in, any of the Issuer's Restricted Subsidiaries (as defined therein and in the "Description of the Notes"), including its subsidiaries that do not provide guarantees for the Notes. As of and for the year ended December 31, 2024, the Issuer and the Guarantors accounted for 76% of the consolidated total assets, 76% of the consolidated revenue and 88% of the consolidated Adjusted EBITDA of the Group, respectively. As of December 31, 2024, the Issuer's direct and indirect subsidiaries that will not guarantee the Notes had €1.8 million outstanding total indebtedness (excluding lease liabilities of €25.1 million).

In the event of insolvency, liquidation or other reorganization of any of these non-guarantor subsidiaries, creditors of such non-guarantor subsidiaries will generally be entitled to payment in full from their respective assets before the Issuer or any of the Guarantors is entitled to receive any distribution from such assets as equity holders. Except to the extent that the Issuer or any of the Guarantors may itself be a creditor with recognized claims against a non-guarantor subsidiary, claims of creditors of such non-guarantor subsidiary will have priority with respect to the assets and earnings of that subsidiary over the claims of the Issuer or the Guarantors as equity holders, and there is no assurance that the claims (if any) of the Issuer or any of the Guarantors as a creditor against a non-guarantor subsidiary may not be reduced, limited or extinguished as a result of applicable insolvency rules (such as the doctrine of equitable subordination or the rules regarding the potential avoidance of transactions concluded with related persons within a certain hardening period). Non-guarantor subsidiaries are also subject to liabilities to other creditors as a result of obligations incurred in the ordinary course of business (such as trade payables), which liabilities are also effectively senior to the Notes and the Guarantees.

Claims of secured creditors of the Issuer or the Guarantors will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes and the Guarantees will not be secured by any of the Issuer's or the Guarantors' assets. As a result, claims of secured creditors of the Issuer will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes and the Guarantees will be effectively subordinated to any existing and future secured indebtedness and other secured obligations of the Issuer and the Guarantors, as the case may be, to the extent of the value of the assets securing such indebtedness or other obligations (except to the extent such assets in the future also secure the Notes and the Guarantees on an equal and ratable basis or priority basis). Although the Indenture limits the incurrence of secured indebtedness, such limitations are subject to a number of significant exceptions.

In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer or any Guarantor at a time when it has secured obligations, holders of secured indebtedness will have priority claims to the assets of the Issuer or such Guarantor that constitute their collateral (other than to the extent such assets in the future also secure the Notes and the Guarantees on an equal and ratable basis or priority basis). The holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Issuer and the Guarantors, and potentially with all their other respective general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer and the Guarantors, as the case may be. The claims of holders of the Notes and other unsecured creditors will also depend on whether there is any value left in the bankruptcy estate besides any secured assets. If any of the secured indebtedness of the Issuer or any Guarantor becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, their assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness of the Issuer or the Guarantors.

Some of the group's indebtedness, including under the Revolving Credit Facility, will bear interest at floating rates that could rise significantly, thereby increasing costs and reducing cash flow, and that may be impacted by applicable law and regulation.

A significant portion of the Issuer's outstanding borrowings bear interest at floating rates. In particular, following the completion of the Transactions, the Issuer will have outstanding indebtedness under the Revolving Credit Facility Agreement and other floating-rate debt instruments, exposing the Issuer to the fluctuations of variable interest rates based on benchmark rates such as the Euro Interbank Offered Rate ("EURIBOR") and the term secured overnight rate ("Term SOFR") (subject to, in each case, a zero floor if less than zero). Increases in the applicable benchmark rates used in the calculation of interest on these borrowings would result in higher interest expenses to service these debt levels in the future. An increase in variable and/or fixed interest rates may result in the Issuer incurring interest expense and cash outflows in relation to these debt instruments at higher levels than anticipated, thereby reducing cash flow available for capital expenditures and hindering the Issuer's ability to make payments on the Notes. These rates could increase significantly and for a variety of reasons, including due to changes in the monetary and interest rate policies of central banks, as well as broader macro-economic conditions in the European Union, United Kingdom and globally. While the Group currently intends to hedge a portion of its interest rate exposure, including in respect of its borrowings under the Revolving Credit Facility Agreement, it is under no obligation to do so. Neither the Revolving Credit Facility Agreement nor the Indenture contain a covenant requiring the Group to hedge all or any portion of its floating rate debt, and any hedging activity in respect of the Group's variable-rate debt may be discontinued at any time. Further, there can be no assurance that, if the Group wishes to hedge its interest rate exposure, such hedging arrangements will be available to the Group on commercially reasonable terms or at all.

Following allegations of manipulation of LIBOR, another measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union have conducted investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"), as amended. Some of these reforms are already effective while others are still to be implemented. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Among other things, it (i) requires benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorized or registered (or, if non-EU based, not deemed equivalent or recognized or endorsed). In October 2023, the EU Commission published a proposed review of the provisions of the Benchmark Regulation on the use by EU entities of third-country benchmarks; under the proposal, among others, EU entities would be able to use any EU and third-country benchmarks, as long they qualify as non-significant under the regulation.

These reforms, including the Benchmark Regulation, may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any of our debt linked to such a "benchmark." The Benchmark Regulation could have a material impact on any of our debt linked to such a "benchmark" in particular, if the methodology or other terms of the EURIBOR and Term SOFR benchmark are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the EURIBOR and Term SOFR benchmark.

Such factors may have the following effects on certain “benchmarks” such as EURIBOR and Term SOFR: (i) discourage market participants from continuing to administer or contribute to such “benchmark;” (ii) trigger changes in the rules or methodologies used in the “benchmarks” or (iii) lead to the disappearance of the “benchmark.”

The potential elimination of any benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR, Term SOFR or similar benchmarks are determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including, but not limited to, the Revolving Credit Facility Agreement). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR, Term SOFR or similar benchmarks, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

Many of the covenants in the Indenture will be suspended if the Notes are rated investment grade.

Many of the covenants contained in the Indenture will be suspended if the Notes are rated investment grade by S&P Global Ratings and Moody’s Investors Service, Inc., provided at such time no Default or Event of Default under the Indenture has occurred and is continuing. These covenants, which include restrictions on the Issuer’s ability to, among other things, pay dividends, incur debt and enter into certain other transactions, will be suspended for the duration of the period during which the Notes maintain an investment grade rating. There can be no assurance that the Notes will ever be rated investment grade, or that if they are rated investment grade, the Notes will maintain such ratings. Suspension of these covenants, however, would allow the Issuer to engage in certain transactions that would not have been permitted while these covenants were in force, and such transactions will not result in a breach of the Indenture if the Notes subsequently fail to maintain an investment grade rating. See “*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status.*”

Early redemption of the Notes may reduce the yield expected by the holders of the Notes.

The Notes may be redeemed at the option of the Issuer as more fully described in “*Description of the Notes.*” In the event that the Issuer exercises the option to redeem the Notes, the holders of the Notes may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

The insolvency laws of applicable jurisdictions may not be as favorable to you as the insolvency laws of the jurisdictions with which you are familiar; other limitations on the Guarantees, including fraudulent conveyance or corporate assistance statutes, may adversely affect their validity and enforceability.

On the Issue Date, the Issuer’s obligations under the Notes will be guaranteed by the Guarantors. The Issuer is organized under the laws of Belgium, and the Guarantors are organized under the laws of Belgium, the Czech Republic, Delaware, England and Wales, France, Germany, Italy, Poland and Spain. There is a rebuttable presumption that the “center of main interest,” or COMI, as defined in the Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings is the jurisdiction where the registered office is situated.

The insolvency laws of foreign jurisdictions may not be as favorable to your interests as the laws of the jurisdictions with which you are familiar. In the event that any one or more of the Issuer, a Guarantor or any other of the Issuer’s subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Although laws differ among the jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts

in such jurisdictions could limit the enforceability of the Notes against the Issuer and the enforceability of a Guarantee against a Guarantor. In certain circumstances the court may also void the Guarantee if the relevant company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of a Guarantor or the appointed insolvency administrator may challenge the guarantees and intercompany obligations generally, as preferences, transactions at an undervalue, invalid charges, fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee;
- direct that the Issuer and the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the relevant Guarantor's creditors; and
- take other action that is detrimental to you.

If the Issuer cannot satisfy its obligations under the Notes and any Guarantee is found to be a preference, transaction at an undervalue, fraudulent transfer or conveyance or is otherwise set aside, the Issuer cannot assure you that it can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor under its Guarantee is limited to the amount that will result in such Guarantee not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from a Guarantor is also limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished. See also "*—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees.*"

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the relevant Guarantee was issued and in case such transaction occurred within a specific time period before the opening of insolvency proceedings, the relevant Guarantor:

- issued such Guarantee with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others;
- issued such Guarantee in a situation where a prudent businessperson as a shareholder of such Guarantor would not have contributed equity to such Guarantor or where the relevant beneficiary of the Guarantee knew or should have known that the Guarantor was insolvent or a filing for insolvency had been made;
- received less than reasonably equivalent value for incurring the debt represented by the Guarantee on the basis that the Guarantee was incurred for our benefit, and only indirectly the Guarantor's benefit, or on some other basis and was insolvent or rendered insolvent by reason of the issuance of the Guarantee, or subsequently became insolvent for other reasons;
- was engaged, or was about to engage, in a business transaction for which the relevant Guarantor's assets were unreasonably small; or
- intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor generally may, in different jurisdictions, be considered insolvent at the time it issued a Guarantee if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that each Guarantor is solvent, there can be no assurance as to which standard a court would apply in determining whether a Guarantor was “insolvent” as of the date the Guarantees were issued or were created or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

For an overview of certain insolvency laws and enforceability limitations as they relate to the Guarantees, see “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations.*”

Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees.

The Guarantors are organized under the laws of Belgium, the Czech Republic, Delaware, England and Wales, France, Germany, Italy, Spain and Poland. Enforcement of the obligations under a Guarantee against any such Guarantor will be subject to certain defenses available to the relevant Guarantor under applicable local law. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit, capital maintenance, liquidity maintenance or similar laws as well as regulations or defenses affecting the rights of creditors generally, particularly by limiting the amounts recoverable under the Guarantees, and the amounts recoverable thereunder will be contractually limited to the maximum amount that can be guaranteed by a particular Guarantor under the applicable laws of each jurisdiction, to the extent that the granting of such Guarantee is not in the relevant Guarantor’s corporate interests, or the burden of such Guarantee exceeds the benefit to the relevant Guarantor, or such Guarantee would be in breach of capital maintenance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such subsidiary Guarantor to contravene their fiduciary duties and incur civil or criminal liability.

Each Guarantor’s liability under its Guarantee could be materially reduced or eliminated, depending upon the law and contractual enforcement restrictions applicable to it. This can lead to a situation in which such Guarantee cannot be enforced at all. It is possible that a Guarantor or any of its creditors, or the bankruptcy trustee or other insolvency office holder in the case of a bankruptcy/insolvency of a Guarantor, may contest the validity and enforceability of the Guarantor’s Guarantee on any of the above grounds and that the applicable court may determine that the Guarantee should be limited or voided. To the extent that any limitations on the relevant Guarantees apply, the Notes would be to that extent effectively subordinated to all liabilities of the applicable Guarantor, including trade payables of such Guarantor. Future Note Guarantees may be subject to similar limitations.

See “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations.*”

Belgian insolvency laws may not be as favorable as insolvency laws of other jurisdictions.

In the event of a bankruptcy order under Book XX of the Belgian Code of Economic Law in respect of the Issuer or the Belgian Guarantor, the directors and managers of the Issuer or the Belgian Guarantor

immediately lose all authority and decision rights concerning the management of the bankrupt business, and a court-appointed bankruptcy trustee will take control of the Issuer or the Belgian Guarantor. Creditors must file a notice of claim and as a general rule, their individual enforcement rights are suspended.

In the event of judicial reorganization proceedings under Book XX of the Belgian Code of Economic Law in respect of the Issuer or the Belgian Guarantor, the Issuer or the Belgian Guarantor continues as a going concern and control remains (in principle) with its directors. Restructuring proceedings may ultimately lead to an amicable settlement with one or more creditors only, a collective reorganization plan binding all creditors or a court-organized auction of part of all of the Issuer's or the Belgian Guarantor's assets. Subject to some limited exceptions, the Issuer or the Belgian Guarantor will benefit from a temporary moratorium, which operates as a stay of enforcement in respect of pre-existing claims in the moratorium.

In case of bankruptcy, certain transactions or payments that were effected either with fraudulent intent or during specified hardening periods in advance of a bankruptcy event, may be held ineffective against third parties (and are unenforceable against the bankruptcy trustees). In the event of bankruptcy of the Issuer or the Belgian Guarantor under applicable Belgian law, the relevant bankruptcy trustee may request the bankruptcy court to declare payments of the Issuer or the Belgian Guarantor during the hardening period for debts due ineffective against third parties, provided it can be established that the creditor concerned was aware of the cessation of payment (*staking van betaling/cessation de paiement*) of the Issuer or the Belgian Guarantor. If the Guarantee of the Belgian Guarantor were successfully held ineffective by the relevant bankruptcy trustee, holders of the Notes would cease to have any claim in respect thereof and would be under an obligation to repay any amounts received pursuant to such Guarantee.

Enforcing your rights as a holder of the Notes in and across multiple jurisdictions may prove difficult.

The Issuer and the Guarantors are organized under the laws of Belgium, the Czech Republic, Delaware, England and Wales, France, Germany, Italy, Poland and Spain. In addition, the Notes, the Guarantees and the Indenture will be governed by the laws of the State of New York. In addition, as the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them within the United States.

In the event of a bankruptcy, insolvency or similar event, or in order to enforce payment claims, proceedings could be initiated in the jurisdictions mentioned above. If a judgment is obtained in a U.S. or any other court against the Issuer or any Guarantor or a security provider, holders of the Notes will need to enforce such judgment in jurisdictions where the relevant company has assets. The enforcement of foreign judgments is subject to a variety of requirements in the relevant jurisdictions, may be refused on public policy or other grounds, and can be complex and time consuming. The holders of the Notes should consult with their advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States. In addition, other creditors, including the lenders under the Revolving Credit Facility Agreement, may succeed in independently enforcing competing claims before payment claims under the Indenture or the Notes are satisfied. Outside a bankruptcy, insolvency or similar event, there is no requirement to share or equalize enforcement proceeds between different groups of creditors.

Any multi-jurisdictional proceeding is likely to be complex, time-consuming and costly for creditors and may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Guarantees will be subject to such bankruptcy, insolvency and administrative laws, and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings. In addition, legal changes such as moratoriums in certain types of enforcement that have been and may be adopted as a result of the COVID-19 crisis may further complicate your ability to enforce your rights in such proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's or any of the Guarantor's jurisdictions may be materially different from, or be in conflict with those of the United States and other jurisdictions with which you may be familiar, including in the areas such as the rights of creditors, the priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive. See also *"Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations."*

The Issuer may not be able to obtain the funds required to repurchase the Notes upon a change of control and the occurrence of certain important corporate events will not constitute a change of control.

The Notes contain provisions relating to certain events constituting a "change of control" in relation to the Issuer. Upon the occurrence of an event constituting a change of control under the Indenture, the Issuer will be required to make an offer to purchase all outstanding Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but excluding) the date of repurchase and Additional Amounts, if any.

In addition, a change of control under the Revolving Credit Facility Agreement (which includes a different definition of change of control), unless waived by the lenders, would permit any lender under the Revolving Credit Facility Agreement to elect to cancel its commitments thereunder and the participation of that lender in all amounts outstanding under the Revolving Credit Facility Agreement would become immediately due and payable together with accrued but unpaid interest and all other amounts due to that lender that are accrued and unpaid.

The source of funds for any repurchase of the Notes or loan repayment required as a result of any such event would be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by the Issuer's subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered, and the Issuer may not be able to secure access to enough cash to finance the required repurchases of the Notes tendered. The inability to purchase the Notes upon the occurrence of a change of control would constitute an Event of Default under the Indenture, which could trigger a cross-default under the Revolving Credit Facility Agreement and other indebtedness of the Group. See *"Description of the Notes—Change of Control."* The Issuer's failure to repay any outstanding amounts under the Revolving Credit Facility Agreement upon the occurrence of a change of control event would constitute an event of default thereunder, which could, in turn, trigger a cross-default under the Indenture. In addition, the Group's other indebtedness may contain restrictions or repayment requirements with respect to certain events or transactions that could constitute a change of control under the terms of the Indenture.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events that might adversely affect the value of the Notes (including certain reorganizations, restructurings, mergers or other similar transactions) because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under *"Description of the Notes—Change of Control,"* the Indenture will not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, change a majority of the board of directors, recapitalization or similar transaction.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty

as to whether a particular transaction would involve a disposition of “all or substantially all” of the assets of the Issuer and its restricted subsidiaries. As a result, it may be unclear as to whether a change of control has occurred and whether a holder of the Notes may require the Issuer to make an offer to repurchase the Notes.

The right of holders to have their Notes repurchased upon the occurrence of a change of control is subject to approval by the shareholders of the Issuer and until such time the holders will not have an enforceable claim for the repurchase of their Notes upon a change of control.

Investors should be aware that their right to have their Notes repurchased upon the occurrence of a change of control is subject to approval by the shareholders of the Issuer. Until such time as the change of control provision is approved by the shareholders of the Issuer and filed with the clerk of the competent enterprise court in accordance with Article 7:151 of the Belgian Companies and Associations Code, holders of Notes will not have an enforceable claim for the repurchase of their Notes upon the occurrence of a change of control. Under the terms of the Notes and the Revolving Credit Facility Agreement, the Issuer is required (i) to submit the change of control provision at its next general meeting of shareholders for approval by its shareholders, (ii) in relation to the Revolving Credit Facility Agreement, to provide evidence of filing of such approval with the clerk of the competent enterprise court by no later than June 30, 2025 and (iii) in relation to the Notes, to provide evidence of filing of such approval with the clerk of the competent enterprise court by no later than June 30, 2026. Failure by the Issuer to satisfy the above requirements would constitute a breach under the Indenture and the Revolving Credit Facility Agreement, respectively, and subject to the notice delivery requirements and respective grace periods, constitute an event of default under the Indenture and the Revolving Credit Facility Agreement. Upon acceleration by holders constituting 25% of the Notes outstanding, or the Majority Lenders (as defined in the Revolving Credit Facility Agreement), as applicable, the principal, premium and accrued but unpaid interest under the Indenture or the Revolving Credit Facility Agreement, as applicable, will become immediately due and payable. See “Description of the Notes—Change of Control” and “Description of Certain Other Indebtedness—Revolving Credit Facility Agreement—Mandatory Prepayment.”

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address the Issuer's ability to perform its obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, the market, other risk factors discussed in this Offering Memorandum and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. In case ratings are assigned to the Issuer or its debt instruments, the Issuer faces the risk of rating downgrades in the future. Any downgrade of the Issuer's credit ratings could have a negative impact on the pricing and availability of future financing. The Issuer may be unable to generate the strong cash flows necessary to reduce its financial indebtedness, which may have a detrimental impact on its credit ratings and refinancing capabilities. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if in its judgment circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The market value of the Notes could decrease if the Group's creditworthiness worsens.

The market value of the Notes will suffer if the market perceives the Group to be less likely to fully perform all obligations under the Notes when they fall due. This could occur, for example, because of the crystallization of any of the risks listed in this “Risk Factors” section. Even if the Group's ability to fully

perform all obligations under the Notes when they fall due has not actually decreased, market participants could nevertheless have a different perception. In addition, market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change, thereby causing the market value of the Notes to fall. If any of these events occurs, third parties would only be willing to purchase Notes for a lower price than before the crystallization of these risks. Under these circumstances, the market value of the Notes could decrease.

Transfers of the Notes will be subject to certain restrictions.

The Notes have not and will not be registered under the Securities Act or any securities laws of any state or any other jurisdiction of the United States. The holders of the Notes may not transfer or offer to sell the Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or any other jurisdiction of the United States, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, the Issuer has not registered and does not intend to register the Notes under any other country's securities laws. Prospective investors in the Notes should read the discussion in the sections entitled "Notice to Investors" and "Transfer Restrictions" for further information about these transfer restrictions. It is the obligation of the investors in the Notes to ensure that their subscription for or subsequent offers, sales or transfers of the Notes comply with any applicable securities laws.

There is no established trading market for the Notes and no assurance that the holders of the Notes will be able to sell them.

These Notes are new securities for which there is currently no established market. The Issuer has made an application to list the Notes on the Official List of the Luxembourg Stock Exchange and admit them to trading on the Euro MTF Market thereof, but cannot guarantee the liquidity of any market that may develop for the Notes, the ability of the holders of the Notes to sell such Notes or the price at which they may be able to sell such Notes. Liquidity and future trading prices of the Notes depend on many factors, including, among other things, prevailing interest rates, results of operations, the market for similar securities and general economic conditions. The Initial Purchasers have informed the Group that they intend to make a market in the Notes after completing the Offering. They are not, however, obligated to do so. Any market-making that is commenced may be halted at any time. In addition, changes in the overall market for high yield securities and changes in the Issuer's financial performance in the markets in which the Issuer operates may adversely affect the liquidity of any trading market in the Notes that does develop and any market price quoted for the Notes. As a result, the Issuer cannot ensure that an active trading market will actually develop for the Notes or that, if developed, such market will be maintained.

Historically, markets for non-investment grade debt such as the Notes have been subject to disruptions that have caused substantial volatility in the prices of such debt. Any market for the Notes may be subject to similar disruptions. Any such disruptions may affect the liquidity and trading of the Notes independent of our financial performance and prospects and may have an adverse effect on the holders of the Notes.

The Notes may not remain listed on the Luxembourg Stock Exchange.

Although the Issuer intends to have the Notes listed on the Official List of the Luxembourg Stock Exchange and to have them admitted to trading on the Euro MTF Market shortly after the Issue Date (and, in any event, before the first coupon payment date in respect of the Notes) and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure prospective investors that the Notes will remain listed. If the Issuer cannot maintain the listing of the Notes on the Official List of the Luxembourg Stock Exchange or it becomes unduly onerous to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange, provided that it will use

commercially reasonable efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Luxembourg Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another stock exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell the Notes in the secondary market.

Prospective investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. An investment in the Notes denominated in a currency other than the currency by reference to which you measure the return on your investments will entail foreign exchange related risks due to, amongst other factors, possible significant changes in the value of the euro relative to other relevant currencies because of economic, political or other factors over which the Issuer has no control. Depreciation of the euro against other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for prospective investors as a result of any foreign exchange gains or losses for any investment in the Notes. Please see "*Certain Tax Considerations.*"

In addition, despite the measures taken by countries in the Eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

In addition, there may be tax consequences for prospective investors as a result of any foreign exchange gains or losses for any investment in the Notes. Please see "*Certain Tax Considerations.*"

Interest payments on the Notes may be subject to Belgian withholding tax.

Payments of interest on the Notes made by the Issuer will be subject to Belgian withholding tax, currently 30% of the gross amount of the interest on the Notes, unless certain exemptions apply. One such exemption provides for payments of interest by the Issuer on the Notes without deduction or withholding tax in the event that the Notes are held by certain Eligible Investors (as defined in "Description of the Notes") in an exempt securities account (Exempt Account) that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS. As a result, if a holder of the Notes is not an Eligible Investor or holds a Definitive Registered Note (as defined in "*Description of the Notes*") that can no longer be cleared through the NBB-SSS, such holder may be subject to Belgian withholding tax. Additionally, in case the holder of the Notes is not an Eligible Investor holding its Notes in an exempt securities account (Exempt Account) that has been opened with a financial institution that is a direct or indirect participant in the NBB-SSS, such holder will be unable to avail itself of the withholding tax gross-up provisions under the Indenture. See "*Description of the Notes—Withholding Taxes*" and "*Certain Tax Considerations—Belgian withholding tax.*"

The proposed Financial Transactions Tax (FTT) may apply and impact dealings in the Notes.

On February 14, 2013, the European Commission published a proposal for a Directive (the "**Draft Directive**") for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria,

Portugal, Slovenia and Slovakia, within the framework of an enhanced cooperation procedure. However, on March 16, 2016, Estonia formally withdrew from the group of states willing to introduce the FTT (the “**Participating Member States**”). The actual implementation date of the FTT would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

Under the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established, or deemed established, in a Participating Member State and there is a financial institution established, or deemed established, in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes in certain circumstances. It is a tax on derivatives transactions (such as hedging activities) as well as on securities transactions, i.e., it applies to trading in instruments such as shares and bonds. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. The FTT shall, however, not apply to (*inter alia*) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. This means that the issuance and subscription of the Notes should not become subject to financial transaction tax.

In 2019, Finance Ministers of the Participating Member States indicated that they were discussing a new FTT proposal based on the French model of the tax and the possible mutualization of the tax as a contribution to the EU budget.

According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would be levied at a rate of at least 0.2% of the consideration for the acquisition of ownership of shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares (“**Financial Instruments**”) or similar transactions (e.g. an acquisition of Financial Instruments by means of an exchange of Financial Instruments or by means of a physical settlement of a derivative). Only transactions with Financial Instruments that have been issued by a company, partnership or other entity whose registered office is established within one of the Participating Member States and with a market capitalization of at least EUR 1 billion on December 1 of the year preceding the respective transaction would be covered. The FTT would be payable to the Participating Member State in whose territory the issuer of a Financial Instrument has established its registered office. Based on the latest draft of the new FTT proposal, the FTT should in principle not apply to the Notes. Like the Draft Directive, the latest draft of the new FTT proposal also stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax).

The FTT proposal is still subject to negotiation between the Participating Member States and therefore may be changed at anytime prior to any implementation, the timing and scope of which remains unclear. The proposed FTT may still be abandoned or repealed. Additional EU Member States may decide to participate. Moreover, once the FTT proposal has been adopted (the “**FTT Directive**”), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the FTT Directive might deviate from the FTT Directive itself. The European Commission declared that if there was no agreement between the Participating Member States by the end of 2022, it would endeavour to propose a new own resource, based on a new FTT, by June 2024 in view of its introduction by 1 January 2026. To date, however, no agreement has been reached and no proposal of a new own resource has been made by the European Commission. Accordingly, there can be no assurance that the FTT, as ultimately implemented, will not apply to dealings in the Notes. Prospective

holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

The Notes will initially be held in book-entry form and therefore prospective investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will be issued in dematerialized form in accordance with the Belgian Companies and Associations Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB-SSS. Access to the NBB-SSS is available through the NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear, Clearstream and the other NBB Participants. Except under the limited circumstances described in the Indenture, Notes will not be issued in definitive form.

A holder of Notes must rely on the procedures of the NBB-SSS, Euroclear, Clearstream and the other NBB Participants to receive payments under the Notes or communications from the Issuer or the Guarantors. If a holder of Notes does not receive such payment or communications, its rights may be prejudiced but it may not have a direct claim against the Issuer and the Guarantor. The Issuer and the Guarantors will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within, or any other improper functioning of, the NBB-SSS and holders of Notes should in such case make a claim against the NBB-SSS. As long as the Notes are clearing through the NBB-SSS, the Paying Agent will debit the relevant account of the Issuer and use such funds to make payment to the owners of the book-entry interests. The Paying Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the owners of the book-entry interests, directly or through the NBB, any amounts due in respect of the Notes. However, the Paying Agent is not required to segregate any such amounts received by it in respect of the Notes and in the event that the Paying Agent were subject to insolvency proceedings at any time when it held such amounts, owners of the book-entry interests would not have any further claim against the Issuer or any Guarantor in respect of such amounts, and would be required to claim such amounts from the Paying Agent in accordance with applicable insolvency laws.

Transfers of interests in the Notes will be effected between the NBB Participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB Participants through which they hold their Notes. The Issuer, the Guarantors and the Paying Agent will have no responsibility for the proper performance by the NBB-SSS or the NBB-SSS participants of their obligations under their respective rules and operating procedures. See *"Book-Entry, Delivery and Form."*

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the merits and risks of investing in the Notes;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

Potential investors should not invest in the Notes unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. The investment activities of investors are subject to applicable investment laws and regulations and/or review or regulation by certain authorities and each potential investor should consult its legal advisers or the appropriate regulators.

The Offering is not conditioned upon the consummation of the Tender Offer at any minimum level of acceptance

The Offering is not conditioned upon the consummation of the Tender Offer at any minimum level of acceptance. Consummation the Tender Offer is subject to the satisfaction of certain conditions, including without limitation the completion of the Offering and that the Offering will raise an amount of net proceeds that is satisfactory to us in our sole discretion. Although we have reserved the right in the Tender Offer Memorandum, in our sole discretion, to waive any and all conditions to the Tender Offer (including the condition with respect to the completion of the Offering and that the Offering will raise an amount of net proceeds that is satisfactory to us in our sole discretion), we are under no obligation to do so. In addition, we have reserved the right in the Tender Offer Memorandum to extend or terminate the Tender Offer or otherwise amend the terms of the Tender Offer.

It is expected that the Offering will price before the Tender Offer expires. Accordingly, the results of the Tender Offer will not be known at the time of pricing of the Notes, and neither the pricing nor the closing of the Offering is conditioned upon the consummation of the Tender Offer at any minimum level of acceptance. If the Tender Offer is not consummated in part or in whole, or consummated at a level of acceptance below the assumptions that are set forth in this Offering Memorandum, our indebtedness will be greater than the *pro forma* debt amounts (and as used in other *pro forma* metrics that include a *pro forma* debt amount) as set forth herein. See "Use of Proceeds."

USE OF PROCEEDS

We expect to receive gross proceeds from the Offering of €400.0 million. On or about the Issue Date, we intend to use the proceeds of the Notes, together with cash at hand, to (i) repurchase up to €400,000,000 aggregate principal amount of outstanding Existing 2026 Notes validly tendered pursuant to the Tender Offer, and (ii) pay related accrued interest, fees and expenses associated with the Tender Offer and the Offering. See “*Summary—The Transactions*” and “*Capitalization*.”

The estimated sources and uses of funds related to the overall Transactions are shown in the table below and assume that the gross proceeds from the Offering will be used to pay the Tender Offer for the Existing 2026 Notes and all the solicited €400.0 million of the Existing 2026 Notes are validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer. There is no assurance that the Tender Offer will be consummated. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, the closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. This Offering Memorandum does not constitute a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date.

Actual amounts may vary from estimated amounts depending on several factors, including the actual date on which the Issue Date occurs and the commissions, fees and expenses incurred in connection with the Transactions. The table below should be read in conjunction with “*Capitalization*.”

Sources	Amount	Uses	Amount
	(€ millions)		(€ millions)
Notes offered hereby ⁽¹⁾	400.0	Repurchase of tendered Existing 2026 Notes ⁽³⁾	400.0
Cash at hand	108.5	Redemption of remaining Existing 2026 Notes following Tender Offer ⁽⁴⁾	180.0
Cash in connection with the disposal of our Brazilian operations ⁽²⁾	85.0	Accrued interest, fees and expenses associated with the Transactions ⁽⁵⁾	13.5
Total sources	593.5	Total used	593.5

(1) Represents the gross proceeds from the Offering.

(2) Represents the amount of the net proceeds which we expect to receive from the disposal of our Brazilian operations before hedging costs and working capital adjustments, based on the foreign exchange contract we entered into in connection with the disposal of our Brazilian operations.

(3) Concurrently with the commencement of this Offering, we launched the Tender Offer to repurchase up to €400.0 million aggregate principal amount of Existing 2026 Notes. The Tender Offer is being made solely to eligible noteholders on the terms and subject to the conditions set forth in the separate tender offer memorandum dated the date hereof to the holders of the Existing 2026 Notes. There is no assurance that the Tender Offer will be consummated and that all of the solicited €400.0 million aggregate principal amount of Existing 2026 Notes will be tendered and/or repurchased. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, the closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. If we purchase less than €400.0 million aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit

on the Issue Date any remaining gross cash proceeds from the Offering into the Segregated Account. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to July 2025 Par Call Date. See “*Summary—The Transactions*,” “*Summary—Recent Developments--Disposal of our Brazilian operations*” and “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions— We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*” Certain Initial Purchasers or their respective affiliates may hold part of our outstanding Existing 2026 Notes which are subject to the Tender Offer, and may tender (and receive consideration for) such notes pursuant to the terms of the Tender Offer or receive payment in connection with any redemption or satisfaction and discharge of such notes if any such notes remain outstanding following the Tender Offer. See “*Plan of Distribution.*”

- (4) Represents the redemption at par and/or satisfaction and discharge, as applicable, of the remaining €180.0 million Existing 2026 Notes, after taking into account the repurchase and tender of €400.0 million of the Existing 2026 Notes as part of the Tender Offer. If we purchase less than €400.0 million aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into the Segregated Account. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, any outstanding Existing 2026 Notes on or prior to July 2025 Par Call Date. At our discretion we may elect to draw amounts under the Revolving Credit Facility, in whole or in part in lieu of cash at hand, to finance the Transactions described in “*Use of Proceeds.*”
- (5) Represents estimated accrued interest, fees and expenses associated with the Transactions, including the Tender Offer, the Offering of the Notes, the redemption and/or satisfaction and discharge, as applicable, of the remaining Existing 2026 Notes, and other transaction costs and professional expenses. Actual fees and related expenses may differ from these estimates.

CAPITALIZATION

The following table presents the cash position and capitalization of the Issuer as of December 31, 2024 on a historical actual basis and on an *as adjusted* basis to give effect to the overall Transactions as set forth under “*Use of Proceeds*,” including (i) the Offering and the application of the gross proceeds therefrom to repurchase the Existing 2026 Notes validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer and (ii) the application of the expected cash in connection with the disposal of our Brazilian operations, together with cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. For the purposes of the *as adjusted* information, we have assumed that all the solicited €400.0 million of the Existing 2026 Notes are validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer and that the remaining Existing 2026 Notes are redeemed at par on or prior to the July 2025 Par Call Date. There is no assurance that the Tender Offer will be consummated. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, the closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance.

You should read this table in conjunction with “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the Issuer’s consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

	As of December 31, 2024	
	Actual	As adjusted for the Transactions
Cash and cash equivalents⁽¹⁾	124.2⁽²⁾	15.7⁽³⁾
Revolving Credit Facility ⁽⁴⁾	24.0	24.0 ⁽³⁾
Notes offered hereby	—	400.0
Existing 2026 Notes ⁽⁵⁾	580.0	—
Other financial liabilities ⁽⁶⁾	8.8	8.8
Lease liabilities ⁽⁷⁾	123.5	108.5
Total gross debt⁽⁸⁾	736.3	541.3
Total equity	925.7	925.7
Total capitalization	1,662.0	1,467.0

- (1) *As adjusted* cash and cash equivalents as of December 31, 2024 includes the effects of (i) the repurchase of all the solicited €400.0 million of the Existing 2026 Notes validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer, and the payment of related fees and expenses with the proceeds of the Offering, together with cash at hand, (ii) the application of €85.0 million of expected cash in connection with the disposal of our Brazilian operations, together with €108.5 million of cash at hand, to redeem at par and/or satisfy and discharge the portion of the Existing 2026 Notes which were not repurchased pursuant to the Tender Offer on or prior to July 2025 Par Call Date, and to pay fees and expenses in connection with the Transaction, as further described in “*Use of Proceeds*.”
- (2) Cash and cash equivalents as of December 31, 2024 includes assets held for sale.
- (3) At our discretion we may elect to draw amounts under the Revolving Credit Facility, in whole or in part in lieu of cash on balance sheet, to finance the Transactions described in “*Use of Proceeds*.” To the extent we draw

amounts under the Revolving Credit Facility for this purpose, the amounts reflected above would change accordingly.

- (4) The Revolving Credit Facility made available under the Revolving Credit Facility Agreement is a euro-denominated senior revolving facility in an amount of up to €270,000,000. At December 31, 2024, an amount of €24.0 million was utilized on the Revolving Credit Facility. Consistent with usual working capital patterns, between December 31, 2024 and the date of this Offering Memorandum, the actual drawings under our Revolving Credit Facility fluctuates consistent with historical patterns. For additional information, see “*Recent Developments—The Revolving Credit Facility*” and “*Description of Certain Other Indebtedness—Revolving Credit Facility Agreement*.”
- (5) Represents the outstanding principal aggregate amount of the Existing 2026 Notes, gross of amortization of interest and finance costs. On or around the Issue Date, we intend to use the proceeds of the Notes, together with cash at hand, to (i) repurchase up to €400,000,000 aggregate principal amount of outstanding Existing 2026 Notes validly tendered pursuant to the Tender Offer, and (ii) pay related accrued interest, fees and expenses associated with the Tender Offer and the Offering. See “*Summary—The Transactions*” and “*Capitalization*.” In addition, on or prior to the July 2025 Par Call Date, we intend to apply the expected cash in connection with the disposal of our Brazilian operations, together with cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the Existing 2026 Notes. For the purposes of the *as adjusted* information, we have assumed that all the solicited €400.0 million of the Existing 2026 Notes are validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer and that the remaining Existing 2026 Notes are redeemed at par on or prior to the July 2025 Par Call Date. There is no assurance that the Tender Offer will be consummated. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however, the closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. If we purchase less than €400.0 million aggregate principal amount of the Existing 2026 Notes in connection with the Tender Offer, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into the Segregated Account. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem at par and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to July 2025 Par Call Date. See “*Summary—Recent Developments—Disposal of our Brazilian operations*” and “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions— We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.*” This Offering Memorandum does not constitute a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date. See “*Summary—The Transactions*” and “*Use of Proceeds*.”
- (6) Other financial liabilities as of December 31, 2024 include borrowings under other short-term and local credit facilities, financial costs and accrued and unpaid interest.
- (7) *As adjusted* lease liabilities as of December 31, 2024, excludes the impact of approximately €15.0 million of lease liabilities relating to our Brazilian operations which will no longer be on balance sheet as a result of the disposal of the Brazilian operations and the related lease liabilities.
- (8) Includes the impact of unamortized cost of debt issuance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with, and is qualified in its entirety by reference to, our audited consolidated financial statements as of and for the years ended December 31, 2024, 2023 and 2022 and the related notes thereto, in each case included elsewhere in this Offering Memorandum. The following discussion should also be read in conjunction with the sections titled "Presentation of Financial and Other Information" and "Summary Historical Consolidated Financial Information and Other Data."

Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" and "Forward-Looking Statements."

Overview

We are a leading international developer and producer of personal care products for retailers and healthcare providers, with expertise in the baby care, feminine care and adult care markets. Our products are distributed in approximately 100 countries through the retail and the healthcare channels, with a focus on the European and the North American markets. In our Core Markets (as defined herein), we operate 11 plants in Europe, North America and Australia, and as of December 31, 2024, we employed approximately 5,200 employees globally in our continuing operations.

We primarily sell our baby care, feminine care and adult care products to retailers, who commercialize them as their own retailer brands. We develop and manufacture these products helping retailer brands to establish or enhance their own retailer brands. Additionally, we sell products to non-retailer third parties, who commercialize these products under their own brand, through retailers or e-commerce. Approximately 30% of our sales also takes place through the healthcare channel. These sales relate to Ontex branded products, primarily in the adult care product category, which are sold to institutional customers (such as nursing homes, hospitals and social care institutions) and other customers (such as drugstores and specialty medical retailers).

We are a leading supplier of personal hygiene products to retailers and the institutional channel in Europe. We believe we are the leading producer in the retailer brand segment, across the different categories, i.e. in adult care, in baby care and in feminine care. We also believe we are the third largest manufacturer in the healthcare channel. Combined, these positions place us among the overall top three producers in the European disposable personal hygiene market. Additionally, we are growing our position in North America, primarily in the baby care product category and we are the only retailer brand company with bi-coastal manufacturing capacity. Our operations procurement, manufacturing distribution and logistics, engineering, quality and safety functions are consolidated into our Group Supply division. Similarly, our research, development, quality assurance, sustainability and product stewardship functions are centralized in our Innovation and Sustainability division. This centralized set-up ensures that we drive scale, innovation, and productivity across our global operations, thanks to our end-to-end ownership of the product lifecycle: the creation of the right products, at the right cost, with the right materials and the right technologies, with a constant focus on product quality and safety.

Our core product categories include:

- **Adult care**, which comprises light, medium and heavy incontinence solutions for sale to both retail and institutional (e.g. healthcare institutions and pharmacies) channels. Our adult care products include adult diapers, adult pants, adult pads. We also offer continence care services to support

healthcare institutions (such as the Ontex Academy and our Smart Diapers, for better healthcare services). Adult care accounted for 39%, 41% and 43% of our consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively;

- **Baby care**, which includes baby diapers and baby pants. Our product range responds to the needs of babies, from newborns to toddlers. Baby care products accounted for 46%, 44% and 43% of our consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively; and
- **Feminine care**, which includes a range of products such as towels, panty liners and tampons, sold through both retailer brands and our own Ontex brands. Through a broad range of feminine care products, we are able to respond to the different needs and lifestyles of women. Feminine care products accounted for 13%, 13% and 13% of our consolidated revenue for years ended December 31, 2022, 2023 and 2024, respectively.

Since 2023, our business is organized in two commercial divisions, Europe and North America, and two operational divisions:

- the Europe division, which is predominantly focused on the marketing and sale of retailer brand products and sales through the healthcare channel in Europe. The Europe division also includes our sales to Australia and New Zealand, as well as limited exports to the Middle East and Africa. Sales in the Europe division span across our three product categories of baby care, feminine care and adult care;
- the North America division, which is predominantly focused on the marketing and sales of retailer brand and non-retailer third-party brand products in the United States and in Canada, currently mainly focusing on baby care products;
- the Innovation and Sustainability division, which includes our research and development, quality assurance, product stewardship and sustainability functions, drives efficiencies of scale and maintains a constant focus on developing the best qualitative product in the most efficient way; and
- the Global Supply Chain division, which includes procurement, manufacturing, distribution and logistics, engineering, quality and safety functions. This centralized set-up ensures that we drive scale and productivity across our global operations, maintaining a constant focus on product quality and safety, thanks to our end-to-end ownership of the product lifecycle.

We are headquartered in Erembodegem (Aalst), Belgium, and have a well-balanced manufacturing and sales footprint through our 11 production facilities globally (excluding discontinued operations). Our facilities are located across Belgium, the Czech Republic, France, Germany, Italy, Poland, Spain, Russia, Australia, the United States and Mexico (the production of which is sold outside of Mexico as part of our North American activities).

We have 13 sales and marketing sites globally, through which we make sales in approximately 100 countries worldwide. The wide reach of our production facilities and sales offices enables us to operate across our two main markets in a cost-effective manner.

As part of our revised strategy announced in 2021, with anticipated execution between 2023 and 2025, which focuses on our European and North American retail and healthcare businesses, we have been actively optimizing the use of our assets across our footprint over the last three years, by pursuing divestment opportunities for our Middle Eastern, African and Central and South American activities (the “**Emerging Markets**”) and restructuring our continuing operations. In 2023, we completed the sale of our Mexican business. In 2024 we completed the sale of our Algerian and Pakistani businesses, and entered into a binding agreement to sell our Brazilian activities. At the start of 2025, we entered into a binding agreement to sell our Turkish activities, and we expect to complete the sales of our Brazilian and Turkish

businesses in the course of 2025. As of December 31, 2024, our discontinued operations consist of our activities in Brazil and Turkey. These operate out of two plants, one in each country, as well as one marketing and sales site per country. Overall, our discontinued operations employ approximately 1,800 employees. As we finalize the divestiture of our Emerging Markets activities (our Brazilian and Turkish operations), along with the related supply chain and commercial functions, these remain part of the Group; however, they are classified as discontinued operations and assets held for sale. See “*Recent Developments—Disposal of our Brazilian operations*” and “*Recent Developments—Disposal of our Turkish operations*.”

We enjoy deep and longstanding relationships with our top customers, which are primarily retailers and non-retailer third-party brand owners, and our relationships with the majority of our top 10 customers were established over ten years ago. We also benefit from a diversified customer base, with our largest customer accounting for less than approximately 10% of our revenue and our ten largest customers accounting for less than approximately 40% of our revenue for the year ended December 31, 2024.

Between 2021 and 2024, our net sales grew organically at an average compound annual growth rate of 9.7%, on a like-for-like basis (excluding discontinued operations). For the year ended December 31, 2024, our revenue was €1,860 million, our Adjusted EBITDA was €223 million and our free cash flow was €48 million.

Factors Affecting Our Results of Operations

Our results of operations have been, and will continue to be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that we believe have affected our results of operations in the periods under review and could affect our results of operations in the future. While the factors described below have significantly influenced our results of operations during historical periods, they may vary in importance from period to period. For a discussion of certain factors that may adversely affect our results of operations and financial condition, please see “*Risk Factors*.”

Market Dynamics

Our revenue is influenced both by growth of the overall market for hygienic disposable products, which is in turn largely driven by demographic trends, including product adoption rates, and by growth in penetration of retailer brands. Changes in the competitive landscape may also affect the penetration of retailer brands as well as our market share within the retailer brand segment.

Demographic Trends

Demand for hygienic disposables is influenced by demographic trends in the markets in which we operate, including population growth and trends in the adoption of our products. In the baby care market, demand for our products is driven by the number of babies; in the adult care market, demand is driven by the size of the population over 45 years; and in the feminine care market, demand is driven by the size of the female population aged 12 to 49 years. The adoption of our products is affected by factors such as changes in GDP per capita, awareness of product availability, product innovation and other trends, such as the average age of potty training and the number of people suffering from incontinence. The geographic markets in which we operate are in different stages in terms of the adoption of our products. For example, the size of the baby care market in Europe has recently decreased due to the steep decline in the European birth rate, which is more than offset by the increased size of the European adult care market due to ageing population. For a detailed discussion of demographic trends in the regions where we operate, see “*Industry—Overview & Market Trends—Underlying Socio-demographic Trends*.”

Share of Retailer brands

Hygienic disposables are manufactured by branded product manufacturers, often well-known companies with large-scale operations such as Procter & Gamble, Kenvue, Kimberly Clark and Essity, who produce,

promote and sell products under their own names or brands, and retailer brand manufacturers (certain of whom may also produce branded products) who produce products on behalf of national and international retailers, who in turn promote and sell the products under their own brands or labels. Our revenue is influenced by changes in the overall share of retailer brands in the market.

The overall share of retailer brands in the market, as well as our own market share, can be influenced by factors such as trends in GDP growth, marketing and promotional activity and product innovation. While the overall market for hygienic disposable products is resilient and benefits from a relative inelasticity of demand, consumers may become more price sensitive during economic downturns, and may increasingly buy retailer branded products, which are generally less expensive than branded products. This trend was observed in 2023 and 2024 in Europe, with retailer brands gaining market share, albeit within a context of lower demand, impacting both branded product manufacturers and other retailer brand manufacturers. During economic downturns, branded product manufacturers may increase their marketing and promotional activities (including by offering discounts on their products) in order to preserve market share.

Branded product manufacturers periodically introduce new products with various innovations to existing products. Rapid time-to-market for comparable products is key to our competitiveness, against both branded products and other manufacturers' retailer brands that are introduced in response, and high responsiveness to consumer demands is essential to ensure customer retention. In addition to the potential loss of market share against our competitors, our revenues are also affected by our ability to calibrate research and development costs and make adequate choices of new methods, technologies or structural redesigns of our raw material components, which enables us to generate innovative products timely and cost-efficiently. Our revenue is therefore dependent on our ability to develop and launch comparable new product innovations rapidly and efficiently, as well as by our ability to introduce new innovations that will diversify and differentiate our product offering from that of branded product manufacturers and other retailer brand manufacturers.

Competitive Landscape

Across the various product categories and the geographies in which we operate, we compete with both branded product manufacturers and other retailer brand manufacturers.

In Europe and North America, the largest manufacturers of branded hygienic disposable products are Procter & Gamble, Kimberly-Clark and Essity, also known as A-brands manufacturers, which sell brands such as Pampers, Always and Tampax (Procter & Gamble), Tena and Libero Baby (Essity), and Huggies and Kotex (Kimberly-Clark).

According to Nielsen data-based management estimates, the share of retailer brands within the overall retail channel based on value in 2024 was 36% in Europe (44% for baby care, 24% for feminine care and 39% for adult care) and 15% in the United States (14% for baby care, 9% for feminine care and 24% for adult care). Within retailer brands in Europe, we estimate that we are the leading player, with a market share of about a third of the overall retailer brand segment for baby care, feminine care and adult care categories, and of about a fifth of the European healthcare institutional market. Within retailer brands in the United States, we estimate a market share of less than 10%.

For a further discussion of the competitive landscape in the various geographies in which we operate, see *"Industry—Analysis by Product Category and Geography."*

Russia-Ukraine conflict

In March 2014, the Russian Federation formally annexed part of Ukraine's sovereign territory, and in February 2022, it launched a military attack against Ukraine. In response, the U.S., the European Union, the United Kingdom and other countries have since imposed sanctions on a number of Russian persons and entities, as well as persons and entities based in Russian-occupied territories of Ukraine, including certain financial institutions, energy, media, technology and defense companies, as well as individuals

associated with the Russian President and government. Various Russian banks have been excluded from the “SWIFT” international financial communication system and sanctions have restricted transactions with government owned entities, including the Central Bank of the Russian Federation. Additional restrictions in relation to investment, financing and provision of professional services to Russian entities, including Russian subsidiaries of European parent companies, have been introduced. The European Union has also imposed sanctions restricting the export and import of many types of goods and services, increasing the number of sanctions-restricted persons and prohibiting Russian persons from participating in public tenders within the European Union. Additional restrictions imposed by the U.S. include, among others, a prohibition on “new investment” in Russia and in the Russian energy sector, new restrictions on dealings in Russia’s sovereign debt, and other debt and equity restrictions with respect to certain listed Russian state-owned enterprises. The Russian Federation has responded with the imposition of countersanctions on so-called “unfriendly” states (which include EU Member States). These developments have led to a high degree of uncertainty in the global financial markets and, in particular, to volatility in the exchange rate of the Russian ruble against other currencies, including the U.S. dollar and the euro. See also “*Risk Factors — The Russia-Ukraine conflict could adversely affect our business and results of operations.*”

We closely review our operations in Russia on an ongoing basis to ensure compliance with international sanctions. At the date of this Offering Memorandum, certain of our Russian manufacturing and commercial operations remain active, as they provide essential care products. Since 2022, we defined tight conditions to our continued operation in Russia to ensure compliance with the evolving applicable regulations on economic sanctions. This model has led to the progressive automation of most of our local activities in Russia within a framework defined at Group level. In this respect, certain intragroup services (including in relation to accounting guidelines, quality audits, and IT security) continue to be provided by Group to our Russian operations, as permitted by a governmental authorization granted by the Belgian Federal Public Service (“FPS”) Economy in 2024. Such governmental authorization has a limited duration and further extensions are not guaranteed, which may lead to these intragroup services being discontinued. If our authorization to keep providing intragroup services to our Russian entities were not renewed, our Russian operations would need to procure those services independently and we would have to take certain additional measures to avoid adverse impacts on our Group operations (e.g. in the areas of IT and data security), which could adversely impact our operations and our results.

As a result, our Russian operations are significantly dependent from the supply of the necessary raw materials and resources to the local manufacturing facility as well as to future developments in the conflict and applicable sanctions regime. See also “*Risk Factors — Geopolitical developments may have repercussions that could have a negative impact on global or regional economic growth, disrupt markets and materially adversely affect our business, results of operations and growth opportunities*” and “*Risk Factors — The Russia-Ukraine conflict could adversely affect our business and results of operations.*”

As of the date of this Offering Memorandum, we have sales and marketing offices in Russia and Ukraine and a manufacturing plant in Noginsk, near Moscow. In the year ended December 31, 2024, we generated €95.0 million revenue in Russia and the fixed assets we held in Russia represented €12.5 million consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities).

Although we did not recognize any impairments in respect of goodwill or other intangible assets during each of the years ended December 31, 2023 and December 31, 2024, we recognized an impairment amounting to €84.1 million in relation to our Russian operations in 2022; furthermore, there can be no assurance as to the absence of significant impairment charges in the future or any potential material impact on our business and financial results as a result of the fluidity of the geopolitical situation in Russia, especially if market conditions were to deteriorate. See also “*Risk Factors — Changes in assumptions underlying the carrying value of our assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.*”

Macroeconomic conditions.

The hygienic disposables market as a whole is resilient and generally not directly exposed to economic cycles given the relatively non-discretionary nature of the products, as seen in relation to the economic downturns characterizing 2023 and part of 2024; however our operations may encounter disruptions, and our results experience slowdowns, due to global macroeconomic conditions.

Despite an improvement in economic conditions in Europe and globally, compared to the severe global economic downturn observed in 2020 due to the COVID-19 pandemic, as of the date of this Offering Memorandum the outlook for the global economy remains uncertain, in part due to the highly inflationary environment that has been affecting major global economies since 2022. While inflationary pressures have eased since 2023, European countries may not achieve the growth rates that they have forecasted or historically observed.

This uncertainty has been recently exacerbated by the global turmoil resulting from the ongoing conflict between Russia and Ukraine, as well as the conflict in the Middle East involving Israel and Hamas, which have resulted in severe political, social and economic consequences in the countries directly involved in the conflict as well as more broadly on the European continent. In particular, tensions between Russia, the European Union, the United States, the United Kingdom and other countries continue to increase and the ongoing war in Ukraine was a driver behind a significant surge in energy and transportation prices in 2022, which may continue to be, a key factor in driving inflationary pressures. Protracted inflation driven by geopolitical tensions may ultimately adversely affect general economic conditions in the countries in which we operate and has affected our results of operations, by causing instances of limited customer spending and heightened raw material prices.

Additionally, in reaction to the high inflation occurred since early 2022, central banks have adopted policies resulting in a high-interest rate environment. Although the European Central Bank began rate reductions in June 2024 and put in place further interest rate cuts in the first half of 2025, future inflation remains uncertain. New increases of interest rates could diminish product demand, increase financing costs and hinder organic growth funding. High inflation and sovereign debt, combined with weak growth and high unemployment, may further restrict consumer spending, reduce demand, and elevate risks of bad debts and credit counterparty risks.

Changes in tariffs or other government trade policies could significantly impact our operations and costs.

Our operations involve the international purchase and sale of our products as well as of raw materials, including oil derivatives, which can be affected by import duties applicable to these products' movement across borders. For the year ended December 31, 2024, exports (outside of the EU or the other countries in which we produce our products) represented approximately one third of our total sales, and imports accounted for approximately one third of our cost of raw materials. Exports are significantly affected by applicable tariff barriers and, therefore, the implementation of tariff barriers or the heightening of existing tariffs and other trade restrictions by certain countries could have an adverse effect on the general global economic environment, as well as on our business and results of operations. For example, the U.S. government has increased tariffs on products from certain sectors and countries, such as China, Canada and Mexico, which led to retaliatory tariff increases by certain of the affected countries.

Additionally, the Trump administration recently implemented universal tariffs on steel and aluminum imports, which triggered retaliatory tariffs by the EU and Canada. It is uncertain whether the Trump administration will implement further bilateral or universal tariffs applicable to exports from other countries in which we operate, including the EU. For the year ended December 31, 2024, our sales in the United States represented 13% of our consolidated revenues. We operate a plant in Stokesdale, North Carolina, which is ramping up production rapidly; however, a substantial part of the raw materials used in that plant are supplied from abroad, including from Mexico and other countries. We also operate a plant in Tijuana,

Mexico, which manufactures products mainly for the U.S. market, and whose production would therefore be materially adversely impacted by tariffs imposed by the United States government. Additionally, part of the raw materials used in our Tijuana plant are imported into Mexico from, among others, the U.S., and would therefore be potentially materially impacted by potential U.S. tariffs or Mexican import tariffs, if these were to enter into force.

We are actively monitoring recent trade policy and tariff announcements, including the executive orders issued by the President of the United States in February and March 2025. We are currently evaluating the potential impact of the announced tariffs on our business and financial condition and actions we may take to mitigate the impact.

We may not be able to pass on to our customers the increased costs resulting from increased tariff barriers, or demand for our products could decrease, which could have a material adverse effect on our business, financial position and results of operations. There can be no assurance that the recently announced tariffs or future imposition of any tariffs, changes thereto, or potential actions taken by countries in response to the tariffs will not have a material adverse effect on our business, results of operations, financial condition, or liquidity in any period or that any actions we take to mitigate the impact of the tariffs will be effective.

Government Spending

In Europe, we have significant sales of healthcare Ontex branded products to public institutions, mostly in the adult care category. The method of payment or reimbursement for the healthcare market for adult care products varies by country. However, it is typically a governmental body or health insurer who ultimately pays for the products and contracts are generally granted by way of public tender. Accordingly, trends in government spending on adult care products will affect the share of our brands in the market. Due to reductions in budgets by many European governments, public institutions such as hospitals and nursing homes may be required to limit their expenditures, resulting in reductions or cancellations of reimbursement policies relating to these products. We believe that due to the necessity of our adult care products, any reduction or cancellation of payments or reimbursements for these products by governments or other parties will result, overtime, in an increase in sales of such products through retail channels. The timing of any such impact and the degree to which the loss of revenue in our Healthcare institutional channel will be compensated by growth in revenue from retail channels is difficult to predict.

Business Relationships, Retention of Contracts and New Business Wins

Our revenue and cash flows are affected by our ability to retain existing business and generate new business from existing and new customers. We enter into framework agreements with the majority of our retail customers and distributors. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. These agreements typically do not have a fixed term, and when they do, the term is generally one to three years. Some of these agreements are automatically renewed or continue indefinitely, unless either party terminates. We have enjoyed long-standing relationships with our top ten customers over the last ten years. In certain markets, our relationships with top customers date to our entry into that market, and are often decades in duration.

The terms on which we retain business directly affects our results of operations. While price is a key factor, other factors influence our relationship with our customers, such as performance track record, including product quality, product innovation, on-time service delivery and operational efficiency. The overall quality of the relationship between us and our customers is important for business generation and retention, and it can be leveraged to increase profitability.

In connection with new business wins or the expiration of contractual agreements, we are typically invited to tender for a new contract with the customer, or to negotiate a new agreement with the customer. Because of the generally flexible nature of these contractual arrangements, additional business depends largely on the ongoing relationships with existing and potential customers. The factors that influence the terms on which we retain business, and thereby affect our results, are the same factors that influence the

terms on which we win new business. The retention of our key customer base gives us a strong platform from which to win new business. In particular, as major retailer customers expand into new markets and the penetration of retailer brands grows in such markets, we are well positioned to accompany our customers and expand our business.

We are also highly focused on ensuring profitability by customer and product, and this focus has informed our efforts to win business from new and existing customers, more so than simply increasing sales volume alone. This profit focus can in the short term periodically lead to customer losses, with a consequential negative effect on revenue.

Cost of Raw Materials

Our results of operations are impacted by the prices we pay for the raw materials we use to manufacture our products. Raw materials are the principal component of our cost of sales. On average, raw materials and consumables purchased accounted for 75% of our cost of sales for the year ended December 31, 2024 and 78% for the year ended December 31, 2023.

The principal raw materials we use include:

- Fluff, the common name for milled wood pulp, which is used in the absorbent core of hygienic disposable products. Wood pulp, often bleached, is milled to separate the fibers into “fluff,” a process which increases the pulp’s bulk. Fluff represented approximately 20% of our cost of raw materials (including packaging) for the year ended December 31, 2024 and the year ended December 31, 2023.
- Super-absorber, which consists of a material which can absorb many times its own weight in aqueous fluids. The majority of super-absorbers for the hygienic disposables market are polyacrylates made from caustic soda and acrylic acid and are sold in granular form. Super-absorber represented approximately 20% of our cost of raw materials (including packaging) for each of the years ended December 31, 2024 and December 31, 2023.
- Non-woven fabrics, which are high-tech, engineered fabrics made from fibers used across a wide range of applications in consumer and industrial products. A significant portion of non-woven fabrics used in the hygienic disposables market are made using polypropylene. Non-woven products represented approximately 20% of our cost of raw materials (including packaging) for each of the years ended December 31, 2024 and December 31, 2023.

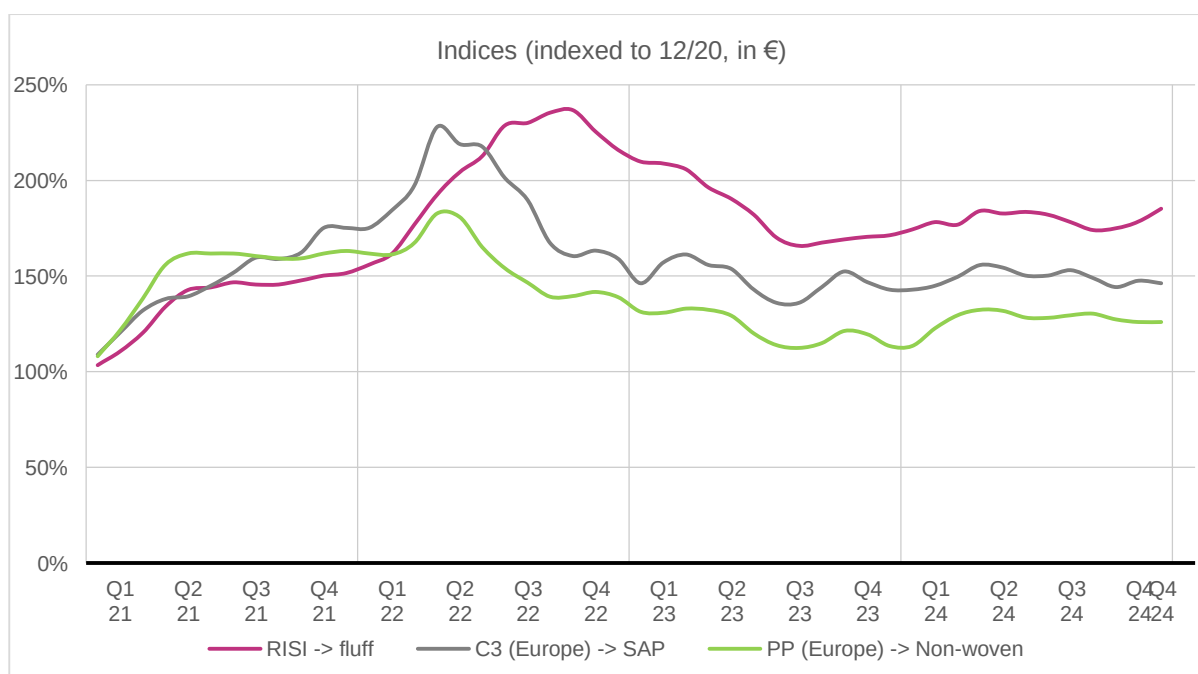
Other raw materials we use include polyethylene film, which is mainly used in back-sheets to prevent leakage, as well as tapes, adhesives and various packaging materials.

The prices we pay for raw materials can be highly variable, depending on several factors, including, but not limited to, the following:

- the availability of supply, including supplier capacity constraints;
- general economic conditions globally and in particular markets;
- ongoing geopolitical instability and related supply chain disruptions;
- fluctuations in commodity prices, particularly crude oil and wood prices, since most of our raw materials are derived from these commodities, which will impact price negotiations with suppliers;
- fluctuations in exchange rates, since we make purchases of fluff products and other raw materials in U.S. Dollars. A strengthening of the U.S. Dollar against the Euro would adversely affect our results of operations. Purchases of oil-based raw materials referred to above also increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars;

- whether, under the terms of the relevant supply agreement, the purchase price of a particular raw material is linked to a price index, either for the raw material itself or one of its principal components. Our supply contracts for fluff are typically linked to the RISI index; supply contracts for super-absorber are typically linked to the index for propylene; supply contracts for polyethylene products are linked to the index for low density polyethylene; and supply contracts for non-woven fabrics are linked to the index for polypropylene. The indices for propylene, polyethylene and polypropylene are partially correlated with the price of crude oil. We estimate that, at current commodity price levels, approximately two thirds of our raw materials and packaging costs are directly linked to the evolution of commodities indices;
- whether the relevant supply agreement contains provisions that reduce our exposure to volatility in raw materials prices and whether the purchase price is adjusted in advance or in arrears under the relevant supply agreement;
- competing demand from other industries for the same raw materials; and
- the availability of complementary and substitute materials.

The chart below outlines the fluctuation of the three main indices affecting the price of our three main raw materials over the period 2021-2024, with any such fluctuations typically reflecting on our purchase prices after an average delay of three months:



Fluff pulp index USD prices experienced an 8% decrease in 2023 and an additional 2.5% decrease in 2024, compared to a steep increase in 2021 and 2022, due to global supply chain flows reverting to normal levels and weaker overall demand, especially from China. Our average fluff costs decreased in each of 2023 and 2024, driven by index fluctuations, favorable currency exchange rates (*i.e.*, the euro being on average stronger than in prior periods) and better discounts negotiated with suppliers. Crude oil prices, to which pricing for super absorber and non-woven fabrics is linked, have experienced significant volatility during the periods under review, averaging US\$83, US\$83, US\$101 for the years ended December 31, 2024, 2023 and 2022, respectively, based on the spot price for Brent crude.

While we have historically been successful in compensating increases in our raw material costs with adjustments to the prices of our products, if we are unable to pass on increases in raw material costs to our customers, our profitability can be adversely affected. This was experienced from the second half of 2021 to the first half of 2023, when raw materials and other costs underwent high inflation due to the effects of the Covid-19 pandemic, and Ontex's sales prices gradually only increased from 2022, until the end of 2023. This resulted in a significant reduction of our Adjusted EBITDA margin, with the lowest point reached mid 2022. Additionally, in case of a decline in raw material prices, our customers might expect price reductions; failure to meet customers' price expectations, or the implementations of price reductions greater than decreases in raw material prices could have a negative impact on our business, resulting in loss of customers or revenues. The majority of our customer contracts are based on fixed pricing models and do not contain raw materials price indexation clauses, however the contracts with most of our customers now provide for re-negotiation mechanisms when raw materials prices and indices undergo significant fluctuations. Please see *"Risk Factors — We cannot ensure that we will continue to have access to sufficient quantities of raw materials and our results of operations are exposed to fluctuations in raw materials prices."*

We have also periodically sought to manage our raw materials costs through hedging, in particular the price of oil or derivative products used in the manufacture of our products. We also maintain a hedging committee; see *"—Qualitative and Quantitative Disclosure About Market Risk—Commodities Hedging Committee."*

As noted above, our purchases of raw materials also entail foreign exchange risk, since we purchase fluff in U.S. Dollars and the reference price for crude oil is U.S. Dollars. We entered into foreign exchange forward contracts in 2024, the latest of which matures in March 2026, in order to limit the volatility in the business resulting from exposure to sales and purchases in foreign currencies. Please see *"—Foreign Exchange Rate Fluctuations"* below for more detail of these arrangements.

Foreign Exchange Rate Fluctuations

Currency exchange rate fluctuations can have a substantial impact on our results of operations. Our main functional and reporting currency is the Euro, and we make substantial sales and purchases denominated in other currencies, and have significant operations in, several countries that use other currencies.

Transactional Impact

Sales and purchases of raw materials in foreign currencies

Foreign currency transactions are translated into the functional currency of the relevant subsidiary using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Accordingly, transactions in foreign currencies, including sales of our products denominated in foreign currencies and purchases of raw materials in foreign currencies, directly affect our results of operations. Translations of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are also recognized in the income statement.

We make substantial sales denominated in currencies other than Euros. In the year ended December 31, 2024, we generated approximately half of our revenue in currencies other than Euros, principally U.S. Dollars, Pounds Sterling, Polish Zloty, Russian Roubles. The strengthening of these currencies against the Euro will have a favorable impact on our results of operations, whereas the weakening of these currencies will have an adverse impact.

We make purchases of certain raw materials in non-Euro currencies, which represent about half of our raw material purchases. The main non-Euro currency in which we make purchases is the U.S. Dollar, which is used primarily to purchase fluff. Purchases of oil-based raw materials also indirectly increase our exposure to the U.S. Dollar, since the reference price for crude oil is U.S. Dollars. The strengthening of the U.S.

Dollar against the Euro will adversely affect our results of operations. Please see also *“Risk Factors — We make substantial sales and purchases of raw materials in currencies other than Euros, which exposes us to risks resulting from exchange rate fluctuations.”*

As of December 31, 2024, we had short net exposures to U.S. Dollars and Mexican Pesos, and we have long net positions on British Pounds, Polish Zloty and Russian Rubles. Our net exposure to the U.S. Dollar is linked to a substantial part of our raw materials being made in U.S. Dollars, and is largely hedged through the sales we make in U.S. Dollars in our North America division, as well through hedging agreements. Our net short position in Mexico is linked to our operations in our Tijuana plant, the operations of which are now linked to our sales to the U.S. Our long exposures to the British Pound and the Polish Zloty are linked to our sales to these countries, whereas most of our costs for these markets are in Euro. See *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Hedging.”*

Finance income/(finance cost)

Foreign exchange gains and losses that relate to interest-bearing debt and cash and cash equivalents are presented in the income statement within “net exchange differences relating to financing activities.” All other foreign exchange gains and losses are presented in the income statement within “other operating income/(expense), net.” During the years ended December 31, 2024, 2023 and 2022, the net impact of exchange rate differences on our net finance expense was negative €6.5 million, positive €5.5 million and negative €2.4 million, respectively. Exchange rate differences were primarily related to borrowings and cash balances denominated in Euro and U.S. Dollar in countries with a functional currency different from the Euro and U.S. Dollar. In particular the fluctuation of the Mexican peso had an impact during the year ended December 31, 2024.

Translation Impact

We have significant operations in countries located outside the Eurozone. The functional currencies of our subsidiaries in these countries are the relevant local currencies. For the purposes of presenting our consolidated financial statements, assets and liabilities of our foreign subsidiaries are translated at the closing foreign exchange rate at the end of the reporting period. Items of income and expense are translated at the average exchange rate, and equity items are translated at historical rates. The resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. Accordingly, any such differences do not affect our results of operations.

Hedging

We have a commodities hedging committee, as described in *“—Qualitative and Quantitative Disclosure About Market Risk—Commodities Hedging Committee.”* Commodity hedging currently happens on a sporadic opportunistic basis, contrary to foreign exchange hedging, which currently happens on a regular structural basis. In accordance with our hedging policy, we also entered into foreign exchange forward contracts in 2024, maturing through March 2026, in order to limit volatility in our business resulting from exposures to sales in British Pound, Polish Zloty, Australian Dollars, as well as purchases in U.S. Dollars and Czech Koruna.

At inception of the foreign exchange contracts, they were designated as cash flow hedges. At the time the forecasted transactions materialize, the foreign exchange forward contracts become fair value hedges. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. We apply hedge accounting to the foreign currency forward contracts. Accordingly, fluctuations in the value of our foreign exchange forward contracts are reflected in other comprehensive income and do not directly impact our income statement. Please see *“—Qualitative and Quantitative Disclosure About Market Risk—Foreign Exchange Risk”* for more detail on our foreign currency hedging arrangements.

Operational Productivity and Efficiency

Our profitability and competitiveness can be affected by the productivity and efficiency of our operations. We have a history of implementing productivity and efficiency improvements on a continuous basis. Currently, our focus is on simplifying and improving our supply chain set-up. To that end, we are pursuing a harmonization of: (i) our product portfolio, through the optimization of our warehousing and working capital, including by reducing our product combinations by 45% (ii) our production set-up, by improving efficiencies at our plants and through targeted investments for more than 50% of our production lines (including new, retired and transferred production lines), and (iii) our raw materials supplies, through a higher focus on contract negotiations. Additionally, in recent years, we have also restructured certain of our operations, reducing our manufacturing footprint, and we will continue to do so throughout 2025 and 2026. Thanks to our reduced footprint, in combination with our growing revenue and volumes, we believe we can significantly improve our production efficiency, consistent with our results in recent years.

In terms of direct cost savings in connection with our procurement activities, we have a diversified base of raw material suppliers, thereby allowing us to benchmark our suppliers' pricing broadly. Moreover, the centralization of our procurement function allows us to benefit from our scale. This strategy has been supported by our investment in technologies that have enabled us to operate our machines faster and in a more efficient and flexible manner.

In terms of direct cost savings focused on distribution expenses, we have sought to improve prices with our transport providers and have initiated changes to our warehousing and inventory policies, with a focus on inventory reduction and further consolidation of external warehouses lower costs. We have both negotiated with our existing transport providers and diversified the number of our providers to achieve more favorable terms, and effected changes to product design elements to reduce product weight, optimize cargo unit palletization and improve truck fill factors, all of which help to reduce transportation costs. In respect of warehousing costs, we have increased our use of third-party warehousing arrangements, whereby we pay by cargo unit as opposed to renting or owning floor space, thereby decreasing fixed costs.

As a result of our cost savings initiatives, and in light of our current strategic objectives and business model, we do not expect our general and administrative expenses and sales and marketing expenses to increase significantly in the medium term as a percentage of our revenues (which is currently of approximately 10%).

Mix of Revenues and Effect on Margins

The principal factors affecting our margins, as described in further detail above, are raw materials prices and exchange rate fluctuations and our ability to pass these on to customers or manage them through hedging. As our margins also vary across products, product categories, customers and geographies, our results of operations are also influenced by our mix of revenues.

Our margins may also vary from geography to geography due to the relative level of competition by smaller local players, as well as the proximity and efficiency of our plants serving that region.

The nature of our distribution model also affects our gross margin. In particular, with sales through the Healthcare institutional channel, our gross margin is typically higher than it is for sales of retailer brands, because a greater proportion of the cost base is included in distribution expenses and sales and marketing expenses instead of cost of sales. This is particularly true in relation to businesses with a high proportion of home delivery, where sales prices and thus gross margins are higher to cover higher distribution costs.

Across divisions, our margins are also affected by product improvements and innovations as well as the introduction of new products within a particular product category. Premium products may allow us to charge our customers higher prices. In addition, product innovations, in particular changes to product specifications that improve our operational efficiency and optimize our cost base, may have a favorable effect on our margins to the extent they require fewer or less expensive raw materials to produce. Protection of intellectual property, both in relation to our products and to those of our competitors, also

contributes to determining our access to the market for new innovative products, thereby affecting our margins. Finally, actions taken by branded competitors, such as entry into new areas or targeted price reductions, can also affect our margins.

Income Tax

Our income tax expense is affected by the statutory rate and the way in which the tax base is computed in the various countries in which we operate (including pursuant to tax rulings and other arrangements that we may agree from time to time with the competent tax authorities), the geographical mix of our operations, the ability to deduct net financing costs in the legal entities in which such net expenses fall, and our ability to use tax losses and credits or to recognize deferred tax assets on such losses and credits, among other factors. The Group has tax losses and other tax incentives usable to offset future taxable profits, mainly in Belgium, France, United States and Spain, amounting to €633.8 million as of December 31, 2024 (€595.1 million as of December 31, 2023).

The rate at which we are able to use our tax losses and tax credits to offset future taxable profits may be affected by changes in how the tax base is computed in various jurisdictions, changes in rules relating to the utilization of tax losses or tax credits and tax rulings we receive from the competent tax authorities.

Factors Affecting Comparability of Our Results of Operations

Acquisitions, Dispositions and Divestitures

From time to time, we undertake acquisitions, dispositions and divestitures, which may affect comparability across periods and our results of operations. Our decision to engage in such transactions will be opportunistic and subject to market conditions. Consummation of such transactions may have an effect on comparability of our results of operations and financial condition across certain periods as changes to our asset base and revenue streams will be reflected in our financial statements.

Following our strategic review in 2021, we announced that the Group will pursue divestment opportunities for the activities in “Emerging Markets.” Since 2022, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position; as a result, discontinued operations are shown as one line item in the financial statements. The discontinued statement of financial position items are presented at lower of the fair value less costs to sell and the carrying amount, in accordance with IFRS 5. The associated assets and liabilities are consequently presented as held for sale as from January 1, 2022, and the related financial performance is reported as discontinued operations in the income statement.

In 2022, we recognized total impairment losses on goodwill of €76.0 million for the divestment of our Mexican business. Furthermore, €33.2 million of goodwill impairment was recognized in relation to our Turkish business. This impairment was linked to the increase in the Turkish carrying net assets, following the application of IAS 29 – Hyperinflation.

In 2023, within our results from discontinued operations, we recognized EBITDA adjustments for an amount of negative €27.1 million, mainly related to an impairment of negative €12.7 million on our Middle Eastern assets and €14.4 million in costs related to the sale of our Mexican assets. The impairment losses we recognized in 2023 are related to impairments on the business in Algeria, for an amount of €9.0 million, and Pakistan, for an amount of €3.6 million, and are based on the expected proceeds of their disposal less costs to sell versus the carrying amount of the related net assets.

In 2024, within our results from discontinued operations, we recognized EBITDA adjustments of negative €27.1 million for changes to our group structure, and divestment-related costs in particular. Expenses related to changes to group structure amounted to €51.6 million, of which €26.5 million relating to the divestment of the Algerian and Pakistani activities and consisting mainly of the reclassification of the foreign

currency translation reserve, for an amount of negative €19.7 million. The remaining €25.1 million consists mainly of costs for the planned divestments in 2025, mostly consisting of the €21.1 million upfront cost for the sale of our Brazilian business. Net income related to impairments and major litigations amounted to €24.5 million, consisting of a reversal of previously booked impairments on the Brazilian business of €30.9 million and an impairment of negative €6.4 million relating to the planned divestment of our Turkish business, both based on the expected proceeds from the transactions.

For the divestment of our Algerian and Pakistani businesses, we received net cash proceeds of €17 million, net of cash disposed, taxes and transaction costs. Additionally, a deferred receivable, linked to the divestment of the Mexican business in 2023, was partly collected. €15 million were received from the acquirer and €11 million remain outstanding.

At the end of 2024, we recorded negative €211.0 million of cumulative translation reserves in equity on our balance sheet, relating to our Brazilian and Turkish assets. These will be subsequently recorded as income statement items, upon completion of the divestments, expected to occur in 2025. See “Recent Developments—Disposal of our Brazilian operations” and “Recent Developments—Disposal of our Turkish operations”.

Key Components of our Income Statement

The key components of certain line items of our consolidated income statement are described below.

Revenue

Revenue represents the amounts received or receivable from the sale of our products. Revenue is presented net of VAT, product returns, rebates and discounts and after eliminating intragroup sales.

Revenue is recognized upon delivery of the products to the customer and its acceptance thereof. This means that at that time, the following criteria are met: we cease to exercise ownership over the products sold, we cease to have effective control over the products sold, and collection of the products sold is reasonably assured. The Group sells its products to its customers directly, through distributors or agents. This can affect the timing of revenue recognition. Following delivery to distributors, the distributor has full discretion over the manner of distribution and pricing of the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Products are generally sold to customers on an ex-works basis; however, at their request, additional services may be offered by us in expediting delivery to customer premises or warehouses. The price for our products generally reflects an amount of delivery expenses incurred by us. Revenue thereby reflects this component, while related charges are included in distribution expenses.

Our customer contracts may include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, the estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Cost of Sales

Cost of sales represents expenses incurred by us in connection with the manufacture of our products. Raw material purchases are the principal expenses recognized in cost of sales. Other expenses recognized in cost of sales include packaging costs, maintenance expenses, utility bills and conversion costs, as well as production-related labor costs.

We recognize in our cost of sales the depreciation expenses that are directly attributable to the production of the products.

Operating Expenses

Operating expenses include distribution expenses, sales and marketing expenses and general administrative expenses, as well as foreign exchange differences on operating activities due to changes in exchange rates on settled transactions.

Distribution Expenses

Distribution expenses are the principal component of our operating expenses and represent the cost relating to the shipping of finished products to the customer. Distribution expenses include transport costs, warehousing costs, costs in support of customer service and related labor costs.

Product delivery costs are recorded under distribution expenses but, as noted above, are also generally reflected in the price of our products.

We recognize in our distribution expenses the depreciation and amortization expenses that are directly attributable to the distribution chain.

Sales and Marketing Expenses

Our sales and marketing expenses represent costs in connection with sales of our products, including promotional giveaways. Sales and marketing expenses are also incurred in connection with brand support in relation to our branded products. Sales and marketing expenses include sales commissions, fees for market research, advertising expenses, publication costs, samples costs, exhibition costs and the labor costs of our sales teams and sales back-office. We also recognize in our sales and marketing expenses the depreciation and amortization expenses that are directly attributable to sales and marketing activities.

General Administrative Expenses

Our general administrative expenses represent the costs of our headquarters and the central management teams, including salaries and performance-based compensation. The headquarters expenses and the costs of our central management team include, but are not limited to, support services for our production facilities, such as system contracts for our IT systems as well as audit fees, legal fees and other expenses. The management team of the Ontex group together with the central team oversee purchasing, R&D, planning and logistics, manufacturing, sales as well as the legal and finance functions and related risks.

Other Operating Income/Expenses

Other operating income and expenses are presented as a net amount and primarily represent gains or losses on the sale of assets, foreign exchange differences on operating activities and other income and expenses.

Income and Expenses Related to Changes in Group Structure

Income and Expenses Related to Changes in Group Structure include income and charges that we consider to be of a one-off and non-recurring nature. These include costs relating to manufacturing facility closures, business restructuring costs, acquisition and divestment-related costs and the setting up and moving of certain production facilities.

Income and Expenses Related to Impairments and Major Litigations

Income and Expenses Related to Impairments and Major Litigations include income and charges that we consider to be of a one-off and non-recurring nature. These include costs relating to asset impairment and legal fees in the context of certain ongoing or potential litigation matters, which are expected to result in a potential benefit for the Company or in the avoidance of potential future expenses.

Net Finance Cost

Net finance cost comprises our finance costs, net of finance income.

Our finance costs primarily represent the interest paid by us or accrued on our financial debt. The transaction costs related to the issuance of a financial liability are as a general matter initially deducted from the proceeds of the financial liability and subsequently recognized as interest cost over the period of the liability.

Our finance income primarily represents interest received on our short-term deposits, as well as any gains on derivatives and derecognition of loans and receivables and financial liabilities carried at amortized costs.

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where our subsidiaries operate and generate taxable income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Non-IFRS Financial Measures

Adjusted EBITDA, Adjusted EBITDA margin and free cash flow are presented to enhance a prospective investor's understanding of our results of operations and financial condition. We define Adjusted EBITDA as earnings before net finance cost, income taxes, depreciations and amortizations (commonly called EBITDA) plus EBITDA adjustments. EBITDA adjustments 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. EBITDA adjustments are defined as 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. EBITDA adjustments for the periods under review include acquisition and divestment-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. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. We define free cash flow as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal, less financing cash flows, i.e. interests paid and received, and other financing cash flows (Other costs of financing, realized foreign exchange (losses)/gains on financing activities and derivative financial assets). These measures have been included in this Offering Memorandum because they are measures that our management uses to assess our operating performance. Please see "*Presentation of Financial and Other Information*" for information on the limitations of these measures as analytical tools. For a reconciliation of Adjusted EBITDA to operating profit and of free cash flow to net cash generated from operating activities, please see "*Summary Historical Consolidated Financial Information and Other Data—Reconciliations of Non-IFRS Financial Measures.*"

Results of Operations for the Years Ended December 31, 2024 and 2023

The following table sets forth certain income statement data for the years ended December 31, 2024 and 2023 as reported in the consolidated financial statements for the year ended December 31, 2024:

	Year ended December 31,	
	2024	2023
	(€ millions)	(€ millions)
Revenue	1,860.5	1,794.7
Cost of sales	(1,316.7)	(1,327.3)
Gross Profit	543.8	467.4
Distribution expenses	(207.0)	(190.5)
Sales and marketing expenses	(81.9)	(81.5)
General administrative expenses	(96.3)	(85.6)
Other operating income/(expenses), net	(10.1)	(6.6)
Income and expenses related to changes to Group structure	(61.9)	(10.3)
Income and expenses related to impairments and major litigations	(10.8)	(4.6)
Operating profit/(loss)	75.8	88.3
Finance income	4.2	7.0
Finance cost	(49.1)	(57.6)
Net exchange differences relating to financing activities	(6.5)	5.5
Net finance cost	(51.4)	(45.1)
Profit/(loss) before income tax	24.3	43.2
Income tax expense	(3.4)	(16.3)
Profit/(loss) for the period from continuing operations	20.9	26.9
Profit/(loss) for the period from discontinued operations	(10.7)	7.9
Profit/(loss) for the period	10.3	34.8

Revenue

Revenue increased by €65.8 million, or 3.7%, from €1,794.7 million for the year ended December 31, 2023, to €1,860.5 million for the year ended December 31, 2024. The increase in revenue was primarily due to strong sales volumes and growth of our mix, partially offset by lower sales prices. Our revenues in 2024 also reflected a small positive currency effect. At constant currency, revenue increased by 3.5%.

Revenue by Product

The following table sets forth revenue and the percentage change in revenue by product for the years ended December 31, 2024 and 2023:

	Year ended December 31,		Change
	2024	2023	
	(€ millions)		(%)
Baby care products	793.4	790.0	0.4
Adult care products	800.5	736.4	8.7
Feminine care products.....	236.6	241.3	(1.9)
Other ⁽¹⁾	30.0	27.0	11.1
Core Markets	1,860.5	1,794.7	3.7

Note:

- (1) Revenue from other products comprises a range of traded products purchased by us and sold commercially including cosmetics, medical gloves, face masks and other traded products.

Revenue from baby care products increased by €3.4 million, or 0.4%, from €790.0 million for the year ended December 31, 2023, to €793.4 million for the year ended December 31, 2024. At constant currency, revenue from baby care products decreased by 0.1%. The stable performance was due to an increase in our volume and mix, primarily in North America, partially offset by lower sales prices.

Revenue from adult care products increased by €64.1 million, or 8.7%, from €736.4 million for the year ended December 31, 2023, to €800.5 million for the year ended December 31, 2024. At constant currency, revenue from adult care products increased by 9%. The like-for-like increase in revenues from adult care products was primarily due to an increase in our market share in the institutional channel and supportive underlying consumer demand, partially offset by lower sales prices.

Revenue from feminine care products decreased by €4.7 million, or 1.9%, from €241.3 million for the year ended December 31, 2023, to €236.6 million for the year ended December 31, 2024. At constant currency, revenue from feminine care products decreased by 2.5%. The decrease was primarily attributable to lower sales prices.

Revenue by Country

The following table sets forth revenue and the percentage change in revenue from the countries which as of December 31, 2024 represented our top five countries, for the years ended December 31, 2024 and 2023:

	Years ended December 31,		Change
	2024	2023	
	(€ millions)		(%)
United Kingdom.....	316.2	303.9	4.0
Italy.....	252.7	219.3	15.2

	Years ended December 31,		
	2024	2023	Change
	(€ millions)		(%)
USA	248.9	197.2	26.2
France	188.3	190.2	(1.0)
Poland	173.7	167.8	3.5
Other countries ⁽¹⁾	680.7	716.2	(5.0)
Total	1,860.5	1794.7	3.7

Note:

- (1) Other countries includes revenue from sales to Germany, Russia, Spain, Australia, Belgium, Portugal, Ireland, Netherlands, Sweden.

Cost of Sales

Cost of sales decreased by €10.6 million, or 0.8%, from €1,327.3 million for the year ended December 31, 2023, to €1,316.7 million for the year ended December 31, 2024. The decrease in overall cost of sales was primarily due to the net costs savings resulting from the ongoing cost transformation program as well as to lower costs of raw material prices, following the decrease of the indices. This was partially offset by higher other operating costs, driven by inflation, and the higher volumes. Cost of sales represented 70.8% of our revenue for the year ended December 31, 2024, compared to 74.0% for the year ended December 31, 2023, reflecting a gross margin of 29% and 26.0%, respectively. This increase in gross margin was primarily attributable to net costs savings and lower costs of raw material prices, partially offset by higher other operating costs.

Distribution Expenses

Distribution expenses increased by €16.5 million, or 8.7%, from €190.5 million for the year ended December 31, 2023, to €207.0 million for the year ended December 31, 2024. Distribution expenses represented 11.1% of our revenue for the year ended December 31, 2024, compared to 10.6% for the year ended December 31, 2023. The increase in distribution expenses was primarily due to higher volumes, the adjustment of our distribution to our new footprint and higher prices, driven by inflation. The increase in distribution expenses as a percentage of revenue was mainly due to the adjustment of our distribution to our new footprint and higher prices, driven by inflation.

Sales and Marketing Expenses

Sales and marketing expenses increased by €0.4 million, or 0.5%, from €81.5 million for the year ended December 31, 2023, to €81.9 million for the year ended December 31, 2024. Sales and marketing expenses represented 4.4% of our revenue for the year ended December 31, 2024, compared to 4.5% for the year ended December 31, 2023. The slight increase in sales and marketing expenses was primarily due to salary inflation.

General Administrative Expenses

General administrative expenses increased by €10.7 million, or 12.5%, from €85.6 million for the year ended December 31, 2023, to €96.3 million for the year ended December 31, 2024. General administrative expenses represented 5.2% of our revenue for the year ended December 31, 2024, compared to 4.8% for the year ended December 31, 2023. The increase in general administrative expenses was primarily due to salary inflation.

Net Other Operating Income/(Expense)

Net other operating expense increased by €3.5 million, from an expense of €6.6 million for the year ended December 31, 2023, to an expense of €10.1 million for the year ended December 31, 2024. The increase was attributable primarily to foreign exchange fluctuations.

Adjusted EBITDA (from continuing operations)

Adjusted EBITDA increased by €48.7 million, or 28.0%, from €173.9 million for the year ended December 31, 2023, to €222.6 million for the year ended December 31, 2024. Our Adjusted EBITDA margin was 12.0% in 2024, compared to 9.7% in 2023. The increase in Adjusted EBITDA was primarily due to our cost transformation program, which reduced the operating cost base by 5% for the third consecutive year, an improvement of our volume mix and lower index-driven raw material prices, partially offset by lower sales prices, as well as inflation of other operating costs and sales and general administrative expenses.

Income and Expenses Relating to Changes to Group Structure

Expenses relating to changes to Group structure increased by €51.6 million, from €10.3 million for the year ended December 31, 2023, to €61.9 million for the year ended December 31, 2024. These expenses primarily related to the restructuring of our European operations. For the year ended December 31, 2024, the significant increase relates to the restructuring of our Belgian industrial operations.

Income and Expenses Relating to Impairments and Major Litigations

Expenses relating to impairments and major litigations increased by €6.2 million from €4.6 million for the year ended December 31, 2023, to €10.8 million for year ended December 31, 2024. In the year ended December 31, 2024, these expenses primarily related to impairments on obsolete operating assets within our European operations, as part of our ongoing restructuring. The increase was primarily due to the restructuring of our Belgian industrial operations. For the year ended December 31, 2023, these expenses primarily related to impairments on obsolete operating assets within our European operations.

Operating Profit/(loss)

Operating profit decreased by €12.5 million, or 14.2%, from €88.3 million for the year ended December 31, 2023, to €75.8 million for the year ended December 31, 2024. Our operating margin was 4.1% for the year ended December 31, 2024, compared to 4.9% for the year ended December 31, 2023. The decrease in operating profit for 2024 was primarily attributable to a €73 million one-time restructuring expense relating to our Belgian operations, which offset the underlying improvement of the Adjusted EBITDA.

Net Finance Costs

Net finance costs increased by €6.3 million, or 14.0%, from €45.1 million for the year ended December 31, 2023, to €51.4 million for the year ended December 31, 2024. The increase in net finance costs was

primarily due to the negative impact of foreign exchange rates fluctuations, which offset the benefit of lower indebtedness following the repayment of the €220 million term loan in May 2023.

Income Tax

Income tax decreased by €12.9 million, or 79.1%, from €16.3 million for the year ended December 31, 2023, to €3.4 million for the year ended December 31, 2024. The decrease was primarily due to the impact of restructuring charges on our profit before income tax and the lower effective tax rate, following the recognition of deferred tax assets in the period in view of the improving underlying profitability. Our effective tax rate for the year ended December 31, 2024 was 14%.

Profit/(loss) for the Period from continuing operations

As a result of the factors discussed above, our results from continuing operations decreased by €6.0 million, from an income of €26.9 million for the year ended December 31, 2023, to an income of € 20.9 million for the year ended December 31, 2024.

Profit/(loss) for the Period from discontinued operations

Following our strategic review that was announced at the end of 2021, the Group announced that it would pursue divestment opportunities for the activities located in the “Emerging Markets.” As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position, and the related financial performance is thereby reported as discontinued operations in the income statement.

Our results from discontinued operations decreased by €18.6 million, from an income of €7.9 million for the year ended December 31, 2023, to a loss of €10.7 million for the year ended December 31, 2024.

Profit/(loss) for the Period

Profit for the year ended December 31, 2023 was €34.8 million, and profit for the year ended December 31, 2024 was €10.3 million. The decrease in profit for the year was primarily attributable to the loss realized in our discontinued operations, which was linked to the reduced scope of our discontinued operations, due to the divestment of some activities during the period as well as to divestment-related costs. Further, our profit from continuing operations decreased, reflecting the impact of restructuring charges.

Results of Operations for the Years Ended December 31, 2023 and 2022

The following table sets forth certain income statement data for the years ended December 31, 2023 and 2022 as reported in the consolidated financial statements for the year ended December 31, 2023:

	Year ended December 31,	
	2023	2022
	(€ millions)	(€ millions)
Revenue	1,794.7	1,672.2
Cost of sales	(1,327.3)	(1,294.7)

	Year ended December 31,	
	2023	2022
	(€ millions)	(€ millions)
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 cost	(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)

Revenue

Revenue increased by €122.5 million, or 7.3%, from €1,672.2 million for the year ended December 31, 2022, to €1,794.7 million for the year ended December 31, 2023. Like-for-like (at constant currency), revenue increased by 9.7%. The increase was due to price increases across our product categories, partially offset by stable volumes, largely in line with market demand in both Europe and in North America.

Revenue by Product

The following table sets forth revenue and the percentage change in revenue by product for the years ended December 31, 2023 and 2022:

	Years ended December 31,		
	2023	2022	Change
	(€ millions)		(%)
Baby care products	790.0	765.0	3.3

	Years ended December 31,		Change
	2023	2022	
	(€ millions)		(%)
Adult care products	736.4	653.6	12.7
Feminine care products.....	241.3	222.0	8.7
Other ⁽¹⁾	27.0	31.6	(14.6)
Core Markets	1,794.7	1,672.2	7.3

Note:

- (1) Revenue from other products comprises a range of traded products purchased by us and sold commercially including cosmetics, medical gloves, face masks and other traded products.

Revenue from baby care products increased by €25.0 million from €765.0 million for the year ended December 31, 2022, to €790.0 million for the year ended December 31, 2023. Like-for-like (at constant currency), revenue from baby care products increased by 5.4%. This increase was primarily due to the positive results of our Europe division, which reflected increased sales of our range of baby pants and a generalized increase in retailer brands' share gains over A-brands, due to consumers shifting to better value-for-money alternatives; this increase was partially offset by the lower overall demand for baby care products in Europe. In North America average prices for baby care products were high and our sales volumes were in line with the market, primarily due to new contracts secured in the second half of the year, which were partially offset by our softer sales in the first half of the year.

Revenue from adult care products increased by €82.8 million, or 12.7%, from €653.6 million for the year ended December 31, 2022, to €736.4 million for the year ended December 31, 2023. Like-for-like (at constant currency), revenue from adult care products increased by 15.9%. This increase was primarily due to increasing demand for adult care products and strong adult care prices, with our retailer brands sales performing in line with this trend and a strong growth in our healthcare institutional channel.

Revenue from feminine care products increased by €19.3 million, or 8.7%, from €222.0 million for the year ended December 31, 2022, to €241.3 million for the year ended December 31, 2023. Like-for-like (at constant currency), revenue from feminine care products increased by 9.4%. This increase was primarily due to market share gains by retailer brands compared to A-brands due to shifting customer preferences, partially offset by a decrease in overall feminine care market size.

Revenue by Country

The following table sets forth revenue and the percentage change in revenue from the countries which as of December 31, 2024 represented our top five markets, for the years ended December 31, 2023 and 2022:

	Years ended December 31,		Change
	2023	2022	
	(€ millions)		(%)
United Kingdom.....	303.9	253.8	19.7

	Years ended December 31,		
	2023	2022	Change
	(€ millions)		(%)
Italy	219.3	180.4	21.6
USA	197.2	205.1	(3.9)
France	190.2	182.7	4.1
Poland	167.8	138.2	21.4
Other countries ⁽¹⁾	716.2	711.8	0.6
Total	1794.7	1,672.2	7.3

Note:

- (1) Other countries includes revenue from sales to Germany, Russia, Spain, Australia, Belgium, Portugal, Ireland, Netherlands, Sweden.

Cost of Sales

Cost of sales increased by €32.6 million, or 2.5%, from €1,294.7 million for the year ended December 31, 2022, to €1,327.3 million for the year ended December 31, 2023. Cost of sales represented 74.0% of our revenue for the year ended December 31, 2023, compared to 77.4% for the year ended December 31, 2022, reflecting a gross margin of 26.0% and 22.6%, respectively. The increase in the gross margin was attributable to higher sales prices and delivery of the cost transformation program, partially offset by high inflation on raw material costs (mainly relating to fluff prices and to a lesser extent to super-absorbent polymers) as well as other operating costs, including wage inflation as well as increased energy and maintenance costs. Fluctuations in exchange rates other than the Euro/ U.S. Dollar exchange rate also had a negative impact on the gross margin.

Distribution Expenses

Distribution expenses remained stable, decreasing by €0.8 million, or 0.4%, from €191.3 million for the year ended December 31, 2022, to €190.5 million for the year ended December 31, 2023. Distribution expenses represented 10.6% of our revenue for the year ended December 31, 2023, compared to 11.4% for the year ended December 31, 2022.

Sales and Marketing Expenses

Sales and marketing expenses remained stable, decreasing by €0.6 million, or 0.7%, from €82.1 million for the year ended December 31, 2022, to €81.5 million for the year ended December 31, 2023. Sales and marketing expenses represented 4.5% of our revenue for the year ended December 31, 2023, compared to 4.9% for the year ended December 31, 2022.

General Administrative Expenses

General administrative expenses increased by €10.0 million, or 13.2%, from €75.6 million for the year ended December 31, 2022, to €85.6 million for the year ended December 31, 2023. The increase was primarily due to wage inflation, including in relation to short-term incentives. General administrative

expenses represented 4.8% and 4.5% of our revenue for the years ended December 31, 2023 and 2022, respectively.

Net Other Operating Income/(Expense)

Net other operating income/(expense) was income of €5.1 million for the year ended December 31, 2022, compared to an expense of €6.6 million for the year ended December 31, 2023.

Adjusted EBITDA (from continuing operations)

Adjusted EBITDA increased by €69.9 million, or 67.2%, from €104.0 million for the year ended December 31, 2022, to €173.9 million for the year ended December 31, 2023. The increase in Adjusted EBITDA was due primarily to our cost transformation program, which reduced the operating cost base by 5% for the second consecutive year, an improvement of our volume mix, and an increase in prices, partially offset by increased input costs, inflation on our sales and general administrative expenses, as well as an adverse impact of foreign currency exchanges.

Income and Expenses Related to Changes in Group Structure

Expenses related to changes in Group structure remained stable, decreasing by €0.9 million, or 8.0%, from an expense of €11.2 million for the year ended December 31, 2022, to an expense of €10.3 million for the year ended December 31, 2023. For the year ended December 31, 2023, these expenses primarily related to restructuring projects to strengthen our European footprint. For the year ended December 31, 2022, these expenses were primarily related to the first implementation of our restructuring projects across our European operations.

Income and Expenses Related to Impairments and Major Litigations

Expenses related to impairments and major litigations decreased by €87.2 million, or 95.0%, from €91.8 million for the year ended December 31, 2022, to €4.6 million for the year ended December 31, 2023. In the year ended December 31, 2023, these expenses primarily related to impairments on obsolete operating assets within our European operations. In the year ended December 31, 2022, these expenses mainly related to the impairment of goodwill related to the Russian business, for an amount of €84.1 million, and certain impairment losses on idle machinery.

Operating Profit/(loss)

Operating profit increased by €157.7 million, or 227.2%, from a loss of €69.4 million for the year ended December 31, 2022, to a profit of €88.3 million for the year ended December 31, 2023. Our operating profit margin was 4.9% for the year ended December 31, 2023, and negative 4.2% for the year ended December 31, 2022. The increase in operating profit for 2023 was primarily attributable to an improvement in our operational results and lower costs related to changes in Group structure, impairments and major litigations.

Net Finance Costs

Net finance costs decreased by €5.8 million, or 11.4%, from an expense of €50.9 million for the year ended December 31, 2022 to an expense of €45.1 million for the year ended December 31, 2023. The decrease in net finance costs was primarily due to the positive impact of currency exchange rates, partially offset by interest rate fluctuations.

Income Tax

Income tax decreased by €12.1 million, or 42.6%, from €28.4 million for the year ended December 31, 2022 to €16.3 million for the year ended December 31, 2023. The decrease was primarily due to the geographical mix of earnings partially offset by the conservative treatment for the recognition of deferred tax assets in respect of certain losses.

Profit/(loss) for the Period from continuing operations

As a result of the factors discussed above, our results from continuing operations increased by €175.6 million, from a loss of €148.7 million for the year ended December 31, 2022, to an income of €26.9 million for the year ended December 31, 2023.

Profit/(loss) for the Period from discontinued operations

Following our strategic review that was announced at the end of 2021, the Group announced that it would pursue divestment opportunities for the activities located in the “Emerging Markets.” As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position, and the related financial performance is thereby reported as discontinued operations in the income statement.

Our results from discontinued operations increased by €129.5 million, from a loss of €121.6 million for the year ended December 31, 2022, to an income of €7.9 million for the year ended December 31, 2023.

Profit/(loss) for the Period

Profit for the year increased by €305.1 million, or 112.9%, from a loss of €270.3 million for the year ended December 31, 2022 to €34.8 million for the year ended December 31, 2023. The increase in profit for the year was attributable primarily to our improved operating performance and lower impairments effected compared to the prior period, partially offset our reduced footprint since the divestment of our Mexican business.

Liquidity and Capital Resources

Capital Resources

Our primary sources of liquidity are and are expected to continue to be cash flows from operations, future borrowings under the Revolving Credit Facility Agreement, the Factoring Agreement (as defined below) and potential future borrowings through the issuance of debt securities. Please see “*Description of Certain Other Indebtedness—Revolving Credit Facility Agreement.*” We have also entered into bilateral factoring arrangements in respect of our Italian and U.S. operations.

Although we believe that our expected cash flows from operations, future borrowings under the Revolving Credit Facility Agreement and potential future borrowings under debt securities will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs, including making payments on the Notes or other debt when due. If our cash flows from operating activities are lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and our cost of capital depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions, and capital markets, restrictions in instruments governing our debt, and our general financial performance. Please see “*Risk*

Factors—Risks Related to the Group's Indebtedness and the Transactions—The substantial leverage and debt service obligations of the Group could adversely affect its business and may prevent it from fulfilling its obligations, including under the Notes and Guarantees,” “Risk Factors— Risks Related to the Group's Indebtedness and the Transactions—Restrictions imposed by the Indenture and certain of the Group's other outstanding debt agreements will limit its ability to take certain actions, which may limit the Group's ability to finance future operations and capital needs and to pursue business opportunities and activities” and “Risk Factors— Risks Related to the Group's Indebtedness and the Transactions—The Issuer and certain of the Guarantors are holding companies that have no or limited revenue-generating operations of their own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes or the Guarantees.”

Cash flows

The following table sets forth our cash flows for the years ended December 31, 2024, 2023 and 2022:

	Year ended December 31,		
	2024	2023	2022
	(€ millions)		
Net cash generated from operating activities			
.....	215.7	160.6	28.3
Net cash generated from (used in) investing activities			
.....	(101.9)	119.0	(57.7)
Net cash generated from (used in) financing activities			
.....	(148.1)	(309.8)	(9.5)
Net increase/(decrease) in cash and cash equivalents	(34.3)	(30.3)	(38.9)
Effects of exchange rate changes on cash and cash equivalents	(9.7)	(10.2)	1.0
Cash and cash equivalents at end of period (total group)	124.2	168.3	208.7

Cash Flow Generated from Operating Activities

Cash flow generated from operating activities increased by €55.1 million, from €160.6 million for the year ended December 31, 2023 to €215.7 million for the year ended December 31, 2024. The increase was primarily due to a higher adjusted EBITDA, a working capital inflow compared to an outflow the year before, and lower taxes paid. These more than offset higher restructuring charges paid, including a one-off restructuring charge of €39.0 million linked to the Belgian restructuring.

Cash flow generated from operating activities increased by €132.3 million, from €28.3 million for the year ended December 31, 2022 to €160.6 million for the year ended December 31, 2023. The increase was mainly due to our improved operating result, adjusted for non-cash elements, improved working capital management and lower taxes paid.

Cash Flow Generated from (Used in) Investing Activities

Cash flow used in investing activities decreased by €220.9 million, from an inflow of €119.0 million for the year ended December 31, 2023 to an outflow of €101.9 million for the year ended December 31, 2024. The decrease was mainly due to lower proceeds from divestments, as in the year ended December 31, 2023, the proceeds were received for the divestment of the Mexican activities. Capital expenditure was

also up related to the step-up in investments for business expansion in North America and footprint transformation in Europe.

Cash flow used in investing activities decreased by €176.7 million, from a cash outflow of €57.7 million for the year ended December 31, 2022 to a cash inflow of €119.0 million for the year ended December 31, 2023. The decrease was due to the €199.6 million net inflow from the divestment of our Mexican business, which more than offset the increase in capital expenditure.

Cash Flow Generated from (Used in) Financing Activities

Cash flow used in financing activities was an outflow of €148.1 million for the year ended December 31, 2024, compared to cash flow used in financing activities of €309.8 million for the year ended December 31, 2023. The decrease in cash flow used in financing activities in 2024 was mainly due to lower interests paid, benefiting from the lower indebtedness following the repayment of the €220 million term loan in May 2023.

Cash flow used in financing activities was an outflow of €309.8 million for the year ended December 31, 2023, compared to cash flow used in financing activities of €9.5 million for the year ended December 31, 2022. The increase in cash flow used in financing activities in 2023 was mainly due to the repayment of indebtedness, following the cash inflow from the divestments. Net interests paid in the year ended December 31, 2023 were slightly higher than 2022, but were more than offset by lower refinancing costs and foreign exchange impacts.

Working Capital

The following table sets forth the components of our working capital as of December 31, 2024, 2023 and 2022:

	As of December 31,		
	2024	2023	2022
	<i>(€ millions)</i>		
Inventories	292.9	252.8	264.3
Trade receivables.....	204.1	206.1	191.8
Pre-paid expenses and other receivables	67.2	63.5	36.8
Trade payables	(440.1)	(370.5)	(405.3)
Accrued expenses and other payables	(21.1)	(20.6)	(22.6)
Total Net Working capital	103.0	131.3	65.1

Total Net Working Capital as of December 31, 2024 was €103.0 million, compared to €131.3 million as of December 31, 2023. The decrease was primarily due to the reduced scope of our business resulting in lower working capital needs following the divestment of our Algerian and Pakistani businesses, as well as a €9 million contribution delivered by strict working capital management and higher use of factoring.

Total Net Working Capital as of December 31, 2023 was €131.3 million, compared to €65.1 million as of December 31, 2022. The decrease was primarily due to the divestment of our Mexican business, partially offset by increased working capital needs in our Core Markets, including a lower recourse to factoring.

We believe that our current working capital, together with the amounts to be available under the Revolving Credit Facility Agreement, are sufficient for our current working capital requirements.

Capital Expenditures

Our capital expenditures during the year ended December 31, 2024 were €112.4 million, as compared to €96.5 million during the year ended December 31, 2023 and €62.4 million during the year ended December 31, 2022. These Capital expenditures mainly related to the step-up in investments for business expansion in North America and footprint transformation in Europe.

In 2025, management expects that capital expenditures will remain broadly in line with 2024 levels, at approximately 5% of revenue, mainly to support growth of our North American business and our cost transformation program, and we expect these capital expenditures to reduce from 2026 onwards, as the investments related to the cost transformation program will decrease. See “*Summary—Full-year outlook.*”

Investment of Surplus Cash

We primarily use surplus cash for general corporate purposes. Otherwise, we deposit surplus cash in either money market or deposit accounts held with banks. These deposits are made for fixed terms and interest is generally payable to us (or, in cases where accounts bear interest at negative rates, payable by us) at the market rate for deposits or at such other rate as may be commercially agreed with the relevant deposit bank.

Group Cash Management

Our Group-wide cash management is centralized to the extent possible, efficient and reasonable. Our operating subsidiaries keep liquidity only to the extent needed for their daily operations. Any surplus liquidity in our operating subsidiaries is typically transferred to Ontex Group NV. Surplus liquidity is used for our general corporate purposes.

Syndicated Factoring Agreement

To optimize our cash management, we entered into a Group non-recourse syndicated factoring agreement (the “**Factoring Agreement**”) dated February 21, 2018 with BNP Paribas Fortis Factor N.V. and KBC Commercial Finance N.V. (together, the “**Factors**”), The Factoring Agreement provides us with a credit facility of up to €200 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factors. The remaining 5% of the relevant receivables is available to us upon receipt of payment from the relevant debtor. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factors. Any financing within the credit limit is non-recourse to us. The initial term of the Factoring Agreement expired on March 20, 2021, upon which the Factoring Agreement was renewed automatically by tacit agreement between the parties for a new period of one year. At the end of the current one-year term, and each subsequent one-year term for which the Syndicated Factoring Agreement has been renewed, any party may terminate the agreement upon 90 days’ notice. Please see “*Description of Certain Other Indebtedness—Syndicated Factoring Agreement*” for further information.

Other Factoring Agreements

In addition to the Factoring Agreement described above, our subsidiaries in Italy and Brazil have entered into their own bilateral factoring arrangements. All of these agreements are non-recourse.

As of December 31, 2024, €175.8 million of financing was outstanding under our factoring arrangements (compared to €163.8 million in 2023). The late payment risk related to our factoring arrangements has been assessed as immaterial as of December 31, 2024 and 2023.

In accordance with IFRS 9 Financial instruments, the non-continuing involvement portion of all non-recourse trade receivables included in these factoring programs is derecognized.

Off-Balance Sheet Arrangements

Other than the Syndicated Factoring Agreement and the other factoring arrangements discussed above, we believe that we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenue or expenses, operating results, liquidity, capital expenditures or capital resources that is material to investors.

Qualitative and Quantitative Disclosure About Market Risk

Foreign Exchange Risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound, the Polish zloty, the Australian dollar and Russian ruble in relation to sales, and the U.S. dollar and the Czech Koruna in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. We also have exposure to the Russian ruble, Czech Koruna and Australian dollar due to our net investments in foreign operations.

To manage our foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, we use forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. Our treasury is responsible for monitoring the net position in each foreign currency when possible and appropriate. We apply hedge accounting for hedge related transactions and the impact of the revaluation is recognized in other comprehensive income.

We entered into foreign exchange forward contracts in 2024 maturing at the latest in March 2026 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in U.S. dollar and Czech Koruna during 2025. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2025: for British Pound, £84.1 million; for Polish Zloty, PLN 238.5 million; for Australian Dollar, A\$27.2 million; for Czech Koruna, CZK 939.7 million; for U.S. dollar (US\$58.5 million versus Euro, and US\$17.1 million versus Czech Koruna).

The terms of our foreign currency forward contracts have been negotiated to match the terms of highly probable forecast transactions. We apply hedge accounting to the foreign currency forward contracts. At inception of the foreign exchange contracts, these instruments were designated as cash flow hedges. At the moment the forecasted transactions materialize, the foreign exchange forward contracts become fair value hedges.

As of December 31, 2024, an unrealized net gain of €7.0 million was recognized in other comprehensive income, relating to all currencies to which we have exposure. As of December 31, 2024, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €6.3 million and the derivative financial liability amounted to €2.0 million.

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/strengthening of the Euro against the reported currency for the outstanding derivative positions with all other variables held constant. The impact is mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables and payables and derivative positions as at the respective balance sheet dates.

	10% weakening of the EUR				10% strengthening of the EUR			
	As of December 31,							
	2024	2023	2022		2024	2023	2022	
	Impact on equity ⁽¹⁾	Impact on income statement ⁽²⁾	Impact on income statement ⁽²⁾	Impact on income statement ⁽²⁾	Impact on equity ⁽¹⁾	Impact on income statement ⁽²⁾	Impact on income statement ⁽²⁾	Impact on income statement ⁽²⁾
				(€ millions)				
AUD	(1.6)	(0.2)	(0.2)	(0.2)	1.3	0.2	0.2	0.2
GBP	(10.0)	(1.2)	(1.0)	(0.9)	8.2	1.0	0.8	0.8
PLN	(5.5)	(0.5)	(0.7)	(0.8)	4.5	0.4	0.5	0.7
USD	4.7	(4.9)	1.7	(1.9)	(3.8)	4.0	(1.4)	1.6

Notes:

(1) Impact on other comprehensive income of a 10% weakening/strengthening of the Euro against the reported currency on hedged positions of trade receivables and trade payables balances.

(2) Impact on income statement of a 10% weakening/strengthening of the Euro against the reported currency on trade receivables and trade payables balances.

Interest Rate Risk

Our interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose us to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose us to fair value interest rate risk. These risks are managed centrally by our treasury team taking into account our expectations with respect to the evolution of market rates. We have used interest rate swaps and cross-currency interest rate swaps to manage these risks.

Commodity Price Risk

We have exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene, propylene and polypropylene. We have in the past and from time to time sought to manage our raw materials costs, including those tied to the price of oil, through hedging agreements with financial counterparties.

Most of our raw materials supply contracts are negotiated on a yearly basis. For fluff, non-woven super-absorbent polymers and back sheets the price will adapt to external commodity indices which will impact our purchase price with a delay of typically three months. For the remaining raw material supplies, the negotiated price is fixed for the year.

Sensitivity of the fair value of derivative financial instruments related to commodities

As of December 31, 2024, if the commodity forward curve had been 10% higher or lower, with all other variables held constant, pre-tax other comprehensive income for the year would have been €0.7 million higher and €0.7 million lower, respectively. As of December 31, 2023, if the commodity forward curve had been 10% higher or lower, with all other variables held constant, pre-tax other comprehensive income for the year would have been €1.4 million higher and €1.4 million lower, respectively. As of December 31, 2022, if the commodity forward curve had been 10% higher or lower, with all other variables held constant, pre-tax other comprehensive income for the year would have been €0.6 million higher and €0.6 million lower, respectively.

See “—Commodities Hedging Committee” below for a description of our hedging policy.

Credit Risk

Credit risk is managed on a group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. We assess the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% in each of 2024, 2023 and 2022. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets on the statement of financial position. We have in place a hedging policy, as described in more detail under “—*Hedging.*”

Liquidity Risk

Our treasury team monitors rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs while maintaining sufficient headroom on our undrawn committed borrowing facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on our borrowing facilities.

Commodities Hedging Committee

We have a commodities hedging committee in place, where decisions on whether to hedge our commodity exposure are taken on a monthly basis. Commodity hedging currently happens on a sporadic opportunistic basis.

Additionally, we have a foreign exchange hedging policy governing the process by which we hedge foreign exchange exposures with financial counterparties. Foreign exchange hedging currently happens on a regular and structural basis.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared in accordance with IFRS. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates and judgments could cause actual results to differ.

Our accounting policies are more fully described in Note FIN-4 to our audited consolidated financial statements for each of the years ended December 31, 2024, 2023 and 2022 included elsewhere in this Offering Memorandum. We believe the following policies to be the most significant policies that require management to consider matters that are inherently uncertain or to make subjective and complex judgments.

Income taxes

We have tax losses and other tax incentives usable to offset future taxable profits, mainly in Belgium, France, United States and Spain, amounting to €633.8 million as of December 31, 2024 (compared to €595.1 million as of December 31, 2023).

The European Commission challenged Belgium's excess profit ruling (EPR) system, characterizing this system as illegal state aid. Ontex, through its Belgian subsidiary Ontex BV, had an EPR covering the years 2011 through 2015. We have lodged an appeal against this EC decision. The General Court handed down its judgment on February 14, 2019 in the joint case of *Belgium vs Commission* and *Magnetrol International vs Commission*. In its decision, the General Court annulled the Commission's Decision, finding that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme.

The European Commission appealed the General Court's judgement of February 14, 2019 to the EU Court of Justice and in September 2021, the Court decided that the proceedings regarding the EPR decision must be re-opened before the General Court. The General Court judgement of September 20, 2023 upholds the EC Decision. On December 6, 2023 Ontex appealed the judgement of September 20, 2023 before the EU Court of Justice and we await the outcome.

Furthermore, the European Commission opened individual investigations in September 2019 into each of the individual EPRs, including that of Ontex, as it believes that each EPR grants illegal state aid, even if the EPR system does not. The formal investigation into the Ontex EPR continues and it is unclear when a final decision can be expected. We will have the right to appeal against any decision that concludes the Ontex EPR grants illegal state aid. Any such appeal will take some time to be heard.

We had fully taken into account the impact of the Commission's appeal that the EPR system is illegal state aid being successful, and the Commission concluding that the Ontex EPR grants illegal state aid in its tax position. Since the outcome of both challenges is not yet final, we will not release the relevant provisions at this stage.

For the year ended December 31, 2024, we have only recognized deferred tax assets on €115.4 million of tax losses and other tax incentives out of the €633.8 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of our different subsidiaries in different jurisdictions. These estimates are made prudently to the extent of our best current knowledge.

We apply significant judgement in identifying uncertainties over income tax treatments. Since we operate in a complex multinational environment, we assess whether certain uncertain tax provisions should be recognized in our consolidated financial statements (based on the requirements of IFRIC 23).

Impairment

We test annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. As of December 31, 2024, we used a pre-tax discount rate of 9.4%, 22.4% and 8.9% for (i) Europe, (ii) Russia, and (iii) North America, respectively.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16 and IAS 38.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

Employee benefits

The carrying amount of our employee benefit obligations is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate should correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

Revenue Recognition

For the accrual for volume discounts (to customers and from suppliers) important judgements are made on the impact of commercial decisions that will influence the final discount to be received or to be granted.

INDUSTRY

There is no complete set of third-party data for the hygienic disposables market. Accordingly, in preparing this overview, we have utilized data from several different sources as well as management estimates. Unless otherwise noted, all data relating to the size of the hygienic disposables market, the baby care and feminine care product categories and the retail channel for adult care products are derived from Nielsen data, adjusted by management estimates where appropriate to take into account the portion of the market not covered by Nielsen. This also applies to data relating to the share of retailer brands. Data for the European healthcare channel for adult care products is based on management estimates, which are in turn informed by tracking of own public tenders and external data sources. All data relating to the market share of Ontex and our competitors is based on data produced by Nielsen and management estimates. Demographics are based on public data sources such as ESTAT and the US Census bureau. Adoption rates are based on management estimates.

Overview & Market Trends

Market Size and Growth

Our hygienic disposables market represented more than €29.4 billion market in 2024 in our Core Markets of Europe and North America, based on Nielsen and management estimates. Hygienic disposable products are essential consumer goods that benefit from a relative inelasticity of demand, which contributes to stable growth even during periods of recession. Between 2022 and 2024, the market has expanded at approximately a 5% CAGR.

The hygienic disposables market in our Core Markets consists of three distinct product segments: baby care, feminine care, and adult care products, which respectively account for approximately €12 billion, €7 billion, and €6 billion of overall hygienic disposables retail channel value. Given demographic effects, adoption trends, COVID 19 and lately high inflation in our Core Markets in North America and Europe, these three categories have grown over the last two years at an estimated CAGR of about 3%, 4%, and 7%, respectively. The healthcare channel (adult category) in Europe, which we also address, represents approximately €4 billion in size and has grown at approximately a 3% CAGR Between 2022 and 2024.

From a regional perspective, the size and growth of the hygienic disposable products in our Core Markets in 2024 is detailed in the table below:

	Market Value in 2024	2022 – 2024 CAGR
	(€ billions)	(%)
Europe (Healthcare inclusive).....	14.8	4.7
Of which Healthcare	3.90	3.1
United States (Retail channel).....	14.5	4.6
Total	29.2	4.7

Underlying Socio-demographic Trends

We believe that demand for hygienic disposable products is influenced notably by demographic growth and increasing adoption rates. Demand is driven in the baby care category by the number of babies, in the feminine care category by the size of the female population aged 12-49 years, and in the adult care category by the size of the population over 45 years old. Even though the majority of individuals above 45 years old do not use adult care products, the penetration rate of incontinence solutions in this segment of

the population is increasing notably thanks to better and more comfortable to wear products, communication breaking the taboo around incontinence and more and better information on available solutions in the market.

In Europe and the United States, demographics for baby care and feminine care products are relatively negative but adoption for these products are also relatively high (with growth possibilities in Eastern Europe); additionally, in the case of baby category, we see an increasing extension of the use of diapers in bigger kids, linked to the comfort of the new solutions (delaying potty training) and working conditions for young parents. Across all geographies, an aging population, resulting in growth in the population over 45 years old, is contributing to strong demand for adult care products that we expect to continue in coming years.

The following table sets forth historical population CAGRs for the period from 2020 to 2023:

	Growth in children aged 0–3 years	Growth in females aged 12 – 49 years	Growth in persons aged over 49 years
Europe.....	(1.7)%	(0.3)%	0.9%
United States.....	(1.2)%	0.2%	1.0%

The following table, based on management estimates, shows per capita consumption data by geography in 2024, illustrating the comparative adoption rates of hygienic disposable products and highlighting the growth potential in selected markets stemming from increased adoption rates across product segments:

	Baby care: Number of diapers used per baby per day	Feminine care: Number of sanitary protection products per female per month	Adult care: Number of sanitary pads and diapers per head per day
North America	5	23	5
Europe.....	4	25	3.5

Shift in Consumer and Shopper Purchasing Behaviors

We believe a certain number of secular trends are driving a shift in behavior from which we benefit or expect ultimately to profit:

- **Retailer brands:** consumers around the world are becoming increasingly conscious about their choices, increasingly favoring retailer brands over established international “premium” A-brands. This trend was accelerated with the COVID-19 pandemic and related financial crisis, and has continued with the inflation period we are experiencing since 2022. This is in-line with Ontex’s strategy to focus on retailer brands.
- **Sustainability:** consumers are looking for sustainable product choices with an ecological footprint and are rewarding companies that put these values high on their priority list. The inflationary period following COVID 19 has decreased the growth speed for this kind of solutions (usually with a premium price) but we expect this trend to accelerate when consumers’ financial situation stabilizes but also promoted by regulation aiming to reduce the ecological impact of disposable products.

- **Convenience:** for busy consumers, convenience is now a prerequisite, and their definition of it becomes ever more comprehensive. Consumers seek brands that cater to their specific needs with new solutions, bundled products, integrated add-ons and innovative business or service models that provide convenience or an improvement in experience. Strong growth in baby and adult pants and services for healthcare institutions are key illustrations of this trend, and thanks to our capabilities we are well positioned to benefit from these shifts.
- **E-commerce:** the pandemic accelerated this trend as a result of health concerns, convenience, lockdowns and shop closures, and brought a lot of opportunities for pure-players (e.g. Amazon), online retailers (e.g. Tesco.com) and the Direct-to-Consumer segment, which we supply with our products. Despite this acceleration is being reduced, we still expect these channels to grow at a higher speed than traditional retail for consumer goods.
- **Homecare:** the shift from institutional care to homecare, or “aging at home,” has accelerated, resulting in growth for adult care sales through retail and healthcare self-pay channels, but also for home delivery reimbursed models in Germany, UK & ROI and Italy where Ontex holds a very strong market position.

Analysis by Product Category and Geography

Ontex has decided to focus its efforts on retailer brands and the healthcare channel in its Core Markets of Europe and North America, and some adjacent geographies like Australia & New Zealand, where retailer brands represent a larger portion of the total market. In the past few years, Ontex has exited its Emerging Market businesses in Mexico, the sale of which is already completed, and Brazil and Turkey, both of which are expected to be disposed in the course of 2025.

In our Core Markets, retailer brand products have taken share in recent years as (i) consumers shop more often at larger retailers (including discounters), which are much more likely to offer their own branded products in comparison to smaller retailers, (ii) consumers' perceptions of a quality gap between branded and retailer-branded products have significantly diminished and (iii) economic uncertainty and inflation favor the development of value-based or more affordable choices. The table below shows retailer brands market share as of 2024 in selected developed markets, as well as the change in position over the last 2 years:

	Retailer brands Market Share (2024)	2022 – 2024 Change
	(%)	(pps)
Europe.....	36	+1.9
Baby care	44	+3.6
Feminine care	24	+1.0
Adult care	39	-
United States.....	15	-0.1
Baby care	14	-0.8
Feminine care	9	-0.4
Adult care	24	+0.8

Today, Ontex has a unique position in the competitive landscape of our Core Markets. In Europe, we have a leading position in the retailer brand segment (with a clear market share lead over the second-largest player) and strong healthcare brands growing faster than the market. In the U.S. we are a key partner for fast-growing lifestyle ecological brands and, during last years, we have significantly grown our presence in the retailer brand sector with new customers gains and the development of existing partnerships with main retailers.

Baby Care Category

The principal products within the baby care category are baby diapers and pants. For further discussion of these products and their distinct characteristics and features see *“Business—Products—Baby Care Products”*. Globally, the majority of baby care sales is still of diapers, however for several years we have seen a significant shift from baby diapers to baby pants, with some countries already selling more pants than diapers. While birth rates over the coming years are predicted to remain stable or slightly decline in the geographies in which we operate, this does not translate into a stagnant market for baby care products. For example, sales in value of baby diapers in the U.S. and Europe grew yearly by three percentage points over the period from 2022 to 2024. Growth is set to be stimulated by a change in product mix, with growth of bigger sizes and consumers moving to more convenient and higher-margin products such as baby pants or premium and sustainable options.

In our Core Markets, the baby care category represents approximately €12 billion, with a compound annual growth rate of 3.0% over the past two years. The following table shows the detailed data for key geographies in the baby care category:

	Market Value in 2024	2022 – 2024 CAGR
	<i>(€ billions)</i>	<i>(%)</i>
Europe.....	4.9	2.9
North America.....	7.2	3.0
	<u>12.1</u>	<u>3.0</u>

In Europe, including both branded and retailer brand businesses, the baby care category leader is Procter & Gamble, which holds about 40% market share overall followed by Essity, Kimberly-Clark and Ontex, which hold shares of about 15% in the total category. In the United States, Ontex holds less than 5% market share in the overall baby care category.

Retailer branded baby care products accounted for approximately 44% of the baby care category in Europe and 14% in the U.S. based on value in 2024, according to Nielsen.

Ontex is the European market leader in retailer brands. In the United States, Ontex has been consistently increasing its share of the retailer brand segment, and is a leading provider of the fast-growing lifestyle brands in baby care.

Feminine Care Category

Feminine care products include external products, such as pads, which are used outside the body, and internal products, such as tampons. The principal products in this category are pads, panty liners and tampons. For further discussion of these products and their distinct characteristics and features see *“Business—Products—Feminine Care Products”*.

Innovations in the feminine care category in the last few years have included the introduction of more natural materials like cotton, new ultra-thin and flexible products that adapt better to the body, improved night protection, odor control and more sophisticated prints. The number of women in the target population

in our Core Markets is expected to remain stable; we expect a continuation of current organic growth and premiumization trend towards higher-margin solutions with the shift in demand towards products with natural or more sustainable components.

The feminine care category in our Core Markets represents approximately €7 billion, with a compound annual growth rate of 4% from 2022 to 2024. The following table shows the detailed data for key geographies:

	Market Value in 2024	2022 – 2024 CAGR
	<i>(€ billions)</i>	<i>(%)</i>
Europe.....	3.6	4.8
North America.....	3.7	3.8
	<u>7.3</u>	<u>4.3</u>

In Europe, the leader in feminine care products is Procter & Gamble, with about 45% market share overall (i.e. including both branded and retailer brand businesses). We also believe that the largest producers include Kenvue (principally in tampons) and Essity, while Ontex is the fourth-largest player with about 10% market share. In the United States, we hold less than 5% share of the overall feminine care category, according to management estimates.

Retailer brand feminine care products accounted for approximately 9% of the feminine care category in the U.S. and 24% in Europe based on value in 2024 based on Nielsen data

In the retailer brand segment, Ontex is the European leader, with approximately 3 times the market share of our nearest competitor, according to management estimates.

Adult Care Category

Although urinary incontinence can be present at any age, it is normally considered that the adult care products are targeted at adults aged over 45 with the condition normally worsening with ageing products range from light into to moderate and ultimately heavy incontinence. For further discussion of these products and their distinct characteristics and features see “*Business—Products—Adult Care Products*”.

The adult care category has two main growth opportunities: the increase in the aging population—by 2030, there are expected to be 2.6 billion people over 45 years old globally—and conditions like obesity, but also the increasing of market penetration for specific solutions, even in our Core Markets, driven for more informed population on impact of incontinence and availability of better and more comfortable products. The search for specific solutions in earlier stages and the trend to remain longer at home is favoring the faster growth of pants and light incontinence products for adults where the margins are higher than the rest of the category. In addition, care institutions are increasingly looking for integrated solutions to manage incontinence, not only products but associated services as well and gradually moving from a price per unit to a value based procurement model (as announced by NHS in UK).

The following table shows detailed market value data for key geographies:

	Market Value in 2024	2022 – 2024 CAGR
	<i>(€ billions)</i>	<i>(%)</i>
Europe (Including Healthcare).....	6.4	6.2
North America.....	3.5	9.1

Market Value in 2024	2022 – 2024 CAGR
9.9	7.2

There are two distinct channels for adult care products, characterized by distribution channel: (i) the retail channel, comprising sales to supermarkets, grocery stores and other retailers; and (ii) the healthcare channel, comprising sales to healthcare institutions such as hospitals and nursing homes as well as homecare (which includes sales by specialized shops, including pharmacies) and home delivery services. Developed markets are generally well balanced between these two channels, with some influencing effects like the reimbursement or not, by national health systems.

Retail Channel

The retail channel for adult care products accounts for approximately €6 billion in our Core Markets and is the fastest growing sub- segment within adult care, growing at a CAGR of 10% over the period from 2022 to 2024. This strong growth has been driven by factors such as (i) economic development, which has allowed more consumers to afford adult care products, especially in emerging markets; (ii) the shift to homecare from institutional care; (iii) a growing acceptance of adult care products in the retail sector generally (with an increasing adoption of pants, notably in the US); and (iv) favorable demographic trends. The following table shows detailed data for key geographies:

	Market Value in 2024	2021 – 2024 CAGR
	(€ billions)	(%)
Europe.....	2.5	11.6
United States.....	3.5	9.1
Total	6.0	10.2

Looking forward, we believe that the following factors will contribute to future growth in demand for retail adult care products:

- *Changes in reimbursement schemes:* as customers' ability to obtain reimbursement upon purchasing these products (through social security or other healthcare institutions) is becoming more restricted, the self-pay segment is increasing. Consumers who previously received these products for free or subsidized through public healthcare institutions are now increasingly purchasing their products directly from retailers, which in turn provides an opportunity for growth in retailer brands and in our Healthcare brand products sold through specialty retailers;
- *Growth of home care:* an ongoing shift from institutional care to at-home care, which has been further accelerated by the COVID-19 crisis, will favor retail sales of adult care products;
- Institutions such as hospitals and nursing homes limiting expenditure, results in residents topping up their needs in retail channels. The decrease in occupancy of beds, due to the reasons above, is resulting in the look for qualitative value-based continence care and the need for additional services, this will benefit Ontex thanks to our capabilities and strong presence in this segment;
- *Consumers' increasing acceptance of adult care products:* we believe that retailers are aware of growing demand for these products, and have been increasing their space on shelf for them. Consumers experiencing adult care, being more informed and seeing these products becoming

more widely available through retailers, in turn feel more comfortable shopping these products in this channel.

In Europe, the leader in the retail channel for adult care products is Essity, (i.e. including both branded and retailer brand businesses). Procter & Gamble is the second- largest in the national brands market segment, and Ontex being the leader in retailer brands sector (33% MS) reaches a global 13% of share.

Retailer branded adult care products accounted for approximately 39% of the adult care retail channel in Europe and 24% in the U.S. based on value in 2024, according to Nielsen. With regard to the adult care retailer brand segment specifically, we believe we are the European market leaders, according to management estimates.

The aforementioned shift from healthcare institutions to home care, the reduction of reimbursement schemes and associated growth in self-pay channels is set to bring new opportunities for retailers as the market expands, and specially to retailer brands as seen as a more affordable option for shoppers coming from reimbursed market routes.

Healthcare Channel

The healthcare channel for adult care products comprises: (i) institutions such as hospitals and nursing homes; (ii) homecare and home delivery services; and (iii) pharmacies. The healthcare channel is relatively fragmented, with suppliers selling directly or through distribution channels based on the relevant country's healthcare framework and reimbursement system. Suppliers may have contact with or otherwise make sales through governmental departments, local authorities, health insurers, distributors, hospitals, pharmacies and in some cases consumers in their own homes.

The method of payment or reimbursement for the healthcare channel for adult care products varies by country. However, it is typically a governmental body or health insurer who ultimately pays for the products. For example, in the United Kingdom, the National Health Service (a governmental body) pays for all products used by consumers (delivered at home by NHS or supplier), while in Spain authorized pharmacists pay for products and are then reimbursed by the government. In Germany, the role of health insurers is more prominent as no reimbursement is provided by the government. In Italy, regional authorities purchase adult care products (delivered at home by suppliers) with funds provided by the national government. In the United States, around 85% of home products (corresponding to 60% of the total adult care category) are reimbursed through state-funded health insurance, and delivered by dealers ordering products either directly from manufacturers or through distributors.

Although lower than in retail, growth in the European healthcare channel, which represents approximately €4 billion, remains significant (growing at a CAGR of 3.0% from 2021 to 2024) accelerated in value due to shift to higher-price products (mainly adult pants) and increased prices in institutional segments due to inflation. The following table shows the detailed data for Europe:

	Market Value in 2024	2022 – 2024 CAGR
	(€ billions)	(%)
Europe	3.9	3.1

The further analysis of the healthcare channel which follows only includes core Western Europe geographies (Belgium, France, Germany, Italy, Spain and the United Kingdom) and is based on management estimates. Approximately 25% of the channel by value in 2024 was comprised of home delivery, 31% by hospitals and nursing homes, 37% by homecare and pharmacies and 7% by distributors; being the value of the channel in the explicated countries of €2.35bn. Our market share varies considerably by country, with estimated market shares ranging from approximately 5% to 39% in core Western Europe

markets. Across these markets, we believe we are the third-largest provider of adult care products based on management estimates.

In Europe, we have a leading competitive position both in healthcare institutions and in the home delivery segments and with independent distributors.

BUSINESS

Overview

We are a leading international developer and producer of personal care products for retailers and healthcare providers, with expertise in the baby care, feminine care and adult care markets. Our products are distributed in approximately 100 countries through the retail and the healthcare channels, with a focus on the European and the North American markets. In our Core Markets (as defined herein), we operate 11 plants in Europe, North America and Australia, and as of December 31, 2024, we employed approximately 5,200 employees globally in our continuing operations.

We primarily sell our baby care, feminine care and adult care products to retailers, who commercialize them as their own retailer brands. We develop and manufacture these products helping retailer brands to establish or enhance their own retailer brands. Additionally, we sell products to non-retailer third parties, who commercialize these products under their own brand, through retailers or e-commerce. Approximately 30% of our sales also takes place through the healthcare channel. These sales relate to Ontex branded products, primarily in the adult care product category, which are sold to institutional customers (such as nursing homes, hospitals and social care institutions) and other customers (such as drugstores and specialty medical retailers).

We are a leading supplier of personal hygiene products to retailers and the institutional channel in Europe. We believe we are the leading producer in the retailer brand segment, across the different categories, i.e. in adult care, in baby care and in feminine care. We also believe we are the third largest manufacturer in the healthcare channel. Combined, these positions place us among the overall top three producers in the European disposable personal hygiene market. Additionally, we are growing our position in North America, primarily in the baby care product category and we are the only retailer brand company with bi-coastal manufacturing capacity. Our operations procurement, manufacturing distribution and logistics, engineering, quality and safety functions are consolidated into our Group Supply division. Similarly, our research, development, quality assurance, sustainability and product stewardship functions are centralized in our Innovation and Sustainability division. This centralized set-up ensures that we drive scale, innovation, and productivity across our global operations, thanks to our end-to-end ownership of the product lifecycle: the creation of the right products, at the right cost, with the right materials and the right technologies, with a constant focus on product quality and safety.

Our core product categories include:

- **Adult care**, which comprises light, medium and heavy incontinence solutions for sale to both retail and institutional (e.g. healthcare institutions and pharmacies) channels. Our adult care products include adult diapers, adult pants, adult pads. We also offer continence care services to support healthcare institutions (such as the Ontex Academy and our Smart Diapers, for better healthcare services). Adult care accounted for 39%, 41% and 43% of our consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively;
- **Baby care**, which includes baby diapers and baby pants. Our product range responds to the needs of babies, from newborns to toddlers. Baby care products accounted for 46%, 44% and 43% of our consolidated revenue for the years ended December 31, 2022, 2023 and 2024, respectively; and
- **Feminine care**, which includes a range of products such as towels, panty liners and tampons, sold through both retailer brands and our own Ontex brands. Through a broad range of feminine care products, we are able to respond to the different needs and lifestyles of women. Feminine care products accounted for 13%, 13% and 13% of our consolidated revenue for years ended December 31, 2022, 2023 and 2024, respectively.

Since 2023, our business is organized in two commercial divisions, Europe and North America, and two operational divisions:

- the Europe division, which is predominantly focused on the marketing and sale of retailer brand products and sales through the healthcare channel in Europe. The Europe division also includes our sales to Australia and New Zealand, as well as limited exports to the Middle East and Africa. Sales in the Europe division span across our three product categories of baby care, feminine care and adult care;
- the North America division, which is predominantly focused on the marketing and sales of retailer brand and non-retailer third-party brand products in the United States and in Canada, currently mainly focusing on baby care products;
- the Innovation and Sustainability division, which includes our research and development, quality assurance, product stewardship and sustainability functions, drives efficiencies of scale and maintains a constant focus on developing the best qualitative product in the most efficient way; and
- the Global Supply Chain division, which includes procurement, manufacturing, distribution and logistics, engineering, quality and safety functions. This centralized set-up ensures that we drive scale and productivity across our global operations, maintaining a constant focus on product quality and safety, thanks to our end-to-end ownership of the product lifecycle.

We are headquartered in Erembodegem (Aalst), Belgium, and have a well-balanced manufacturing and sales footprint through our 11 production facilities globally (excluding discontinued operations). Our facilities are located across Belgium, the Czech Republic, France, Germany, Italy, Poland, Spain, Russia, Australia, the United States and Mexico (the production of which is sold outside of Mexico as part of our North American activities).

We have 13 sales and marketing sites globally, through which we make sales in approximately 100 countries worldwide. The wide reach of our production facilities and sales offices enables us to operate across our two main markets in a cost-effective manner.

As part of our revised strategy announced in 2021, with anticipated execution between 2023 and 2025, which focuses on our European and North American retail and healthcare businesses, we have been actively optimizing the use of our assets across our footprint over the last three years, by pursuing divestment opportunities for our Middle Eastern, African and Central and South American activities (the “**Emerging Markets**”) and restructuring our continuing operations. In 2023, we completed the sale of our Mexican business. In 2024 we completed the sale of our Algerian and Pakistani businesses, and entered into a binding agreement to sell our Brazilian activities. At the start of 2025, we entered into a binding agreement to sell our Turkish activities, and we expect to complete the sales of our Brazilian and Turkish businesses in the course of 2025. As of December 31, 2024, our discontinued operations consist of our activities in Brazil and Turkey. These operate out of two plants, one in each country, as well as one marketing and sales site per country. Overall, our discontinued operations employ approximately 1,800 employees. As we finalize the divestiture of our Emerging Markets activities (our Brazilian and Turkish operations), along with the related supply chain and commercial functions, these remain part of the Group; however, they are classified as discontinued operations and assets held for sale. See “*Recent Developments—Disposal of our Brazilian operations*” and “*Recent Developments—Disposal of our Turkish operations*.”

We enjoy deep and longstanding relationships with our top customers, which are primarily retailers and non-retailer third-party brand owners, and our relationships with the majority of our top 10 customers were established over ten years ago. We also benefit from a diversified customer base, with our largest customer

accounting for less than approximately 10% of our revenue and our ten largest customers accounting for less than approximately 40% of our revenue for the year ended December 31, 2024.

Between 2021 and 2024, our net sales grew organically at an average compound annual growth rate of 9.7%, on a like-for-like basis (excluding discontinued operations). For the year ended December 31, 2024, our revenue was €1,860 million, our Adjusted EBITDA was €223 million and our free cash flow was €48 million.

Our Competitive Strengths

Focus on attractive and growing product categories with strong market dynamics

We are a leading international producer of hygienic disposable products, with a focus on innovation and on the attractive and fast-growing retail and healthcare channels in Europe and North America.

Our business footprint is focused on Europe and North America (the “**Core Markets**”), where we have a solid manufacturing footprint and commercial set-up. We also have limited exposure to the rest of the world, i.e. in regions where there is an established retailer brand segment in the market, in particular in Australia, where we have a manufacturing plant. Between 2021 and 2024, our Core Markets revenue experienced a compound annual growth rate (CAGR) of 9.7%.

Over the last three years, the European market for personal hygiene products has been characterized by steady growth, mainly attributable to demographic shifts. These include an increasing demand for adult care products driven by an ageing and more active population, which more than offsets the ongoing slowdown of the European baby care market linked to a declining trend in birth rates. The healthcare institutional channel market remains stable, due to its reliance on government funding and relatively consistent public spend across Europe. The European personal hygiene market as a whole is resilient, as it addresses primary consumer needs not subject to cyclicity.

In the North American market, which is characterized by similar demographic trends we believe that we have significant growth opportunities across the spectrum of the retailer brands sector, both in the baby care market, in which we are currently strengthening our capacity, and the adult and feminine care markets, which we have not significantly entered to this date. This presents substantial room for potential market share growth.

On top of robust growth prospects, our products also benefit from relatively low demand fluctuations as they are non-discretionary consumer staples. Our products have historically demonstrated stable growth even during periods of adverse economic conditions. In fact, in economic downturns, consumer demand tends to shift to more affordable retailer brand alternatives, in which we are a leading player. Once consumers trial retailer brands, they tend not to revert back to more expensive A-brand products. This trend has further strengthened in recent years, due persisting inflationary pressures in Europe, which caused consumers to reduce and rationalize their spending, intensifying the need for differentiation through value-adding innovation.

Additionally, our products are strategically important to our retailer customers; these products are key drivers of traffic in their stores and attract profitable shoppers, including households with children. Our leadership in retailer brands in Europe positions us perfectly to capitalize on this resilience.

Further, a desire for convenience is driving consumer preferences toward more sophisticated products, offering opportunities for our fast-follower-focused innovation approach, as illustrated by the shift from open diapers to closed baby pants. The fact that retailer brands are currently underrepresented in the sales of these more sophisticated products, represents an additional growth opportunity for Ontex. We believe that our focus on innovation will allow us to capitalize on these structural growth trends across our product categories and geographic markets. Additionally, we are well placed to capture the shift in the adult care category with stronger growth in homecare solutions (i.e. self-pay), compared to the healthcare channel

(institutions), thanks to our strong exposure and presence in both channels. Increased awareness and engagement through menopause and women's health education and a reduction of stigma surrounding incontinence, as well as increased traction in sustainability solutions and attention to skin health related hygiene products, contribute to our growth.

Competitive advantages stemming from the scale of our business

We benefit from strong market positions in Europe and North America. In Europe, we are a leading company in the retailer brands segment with a leading position in baby care, adult care and feminine care. We also believe we are the third largest provider by market share in the healthcare channel. Thanks to these strongholds, we estimate that we are among the top three overall players in Europe, and the number two in the adult care category. In North America, we are consistently growing our position, having affirmed ourselves as the only retailer brand focused company with bi-coastal manufacturing capacity, and we have become a preferred partner for multiple non-retailer third-party brands. Additionally, in North America we established ourselves as leading providers of lifestyle brand products.

Our strong position as an international hygiene player drives our scale and provides us with competitive advantages in the areas of customer relationships, manufacturing, R&D and procurement. As a result of our established footprint in Europe and North America, we have been able to build and maintain deep relationships with leading retailers and aim to act as a single-source provider for retailers across the various geographies in which they operate. Thanks to our operational footprint (11 factories across Europe, North America and Australia; 13 marketing and sales offices and five R&D centers), we are among the few companies capable of serving increasingly international customers.

In addition, our overall scale has also allowed us to develop strong manufacturing capabilities, which have enabled us to continuously optimize our cost base, while the breadth of our manufacturing footprint allows us to respond quickly and effectively to changes in customers' requirements while minimizing distribution costs. The cost efficiencies that we are able to deliver through our scale include, for instance, the centralized procurement of raw materials, through arrangements that allow us to benefit from price discounts linked to orders' volume.

We believe that our scale also supports significant investments in R&D, including to strengthen the collaboration between our supply chain and R&D teams to deliver cost-efficiency and improve design to value. Despite offering a wide product portfolio and options for differentiation to our customers, we are able to leverage our scale across common product platforms and R&D developments. This in turn allows us to offer products of comparable quality to those of our branded competitors and to continue to deliver innovations and cost-saving opportunities.

Finally, centralized organizational set-ups for selected corporate functions and capabilities (e.g. operations, human resources and product innovation) allow us to further leverage our scale at efficient cost.

High quality, innovative and sustainability-oriented across our product categories

Hygienic disposables are complex products requiring deep expertise in raw materials and production technologies. Ontex has mastered these technologies through its long history in the industry, through continuous investments in our in-house capabilities, and by leveraging the know-how of our supplier partners. Over the years, we have established a solid focused R&D footprint of five R&D centers, including four global centers of excellence in Europe (for baby care, adult care, feminine care and tampons) and one regional center of excellence in North America. We work closely with and maintain close proximity to our customers, to ensure that we understand the latest developments in their markets and evolution of their needs. This consumer proximity as well as our deep category expertise feed our innovation pipeline. Our R&D teams then develop in-house technologies to deliver these innovations. We have our own in-house engineering department which designs and installs production machines to our standards and requirements.

As a result of our industry-leading R&D capabilities, Ontex has a rich portfolio of significantly innovative and high-quality products. This portfolio enables us to meet our customers' and end-consumers' demands for high-quality yet affordable products, competitive to those offered by the leading A-brands and customized further to the demands of our customers. In independent panel tests, laboratory tests and reviews, many of our products receive quality ratings that are comparable to and sometimes even exceeding those of equivalent branded products. For example, we have a strong pipeline of innovations in our baby care category, and in the course of 2024, we launched major innovations, such as: front and back barriers for baby diapers, back barriers for baby pants, size 8 baby pants and recycled content bags, which contribute to our renewed commitment to sustainability. Additionally, over the last two years, we launched key innovations in our adult care business, including colored discreet pants, new core construction designs including channels for better performance and customer comfort, the Orizon smart diaper service and extra protective overnight pads.

In addition to customer preference for environmentally sustainable packaging and products, our R&D and innovation capabilities enable us to capitalize on the increasing customer focus on healthy hygienic products, by adapting our product design to eliminate components which may be harmful to customers' skin and health in general.

Our ability to supply high-quality products that can compete with those of branded manufacturers is of paramount importance in retaining and winning new business from retailer brand customers. Our customers invest in quality-led products for their store brands, believing that a quality own-label offer is a decisive factor for shoppers in choosing their "go-to" store. As a result, retailers maintain and demand of us very strict quality requirements, including inspections of our production facilities.

Quality is at the very heart of all of our activities. We take compliance and product safety very seriously and have implemented a rigorous system of controls, audits and certification to support our high standards. All of our sites operate by the same Ontex Quality Policy, which is supported by ISO, GMP, BRC and IFS certifications. Our functions, production units and sales offices are all ISO certified. Our plants producing medical devices (mainly incontinence products) are ISO13485 certified and tampons are MDSAP certified. Our systems are regularly audited by external certification bodies as well as customers.

Our products also undergo additional external accreditations such as the Dermatest skin safety label, the Asthma Allergy label, the Oekotex certification that tests for harmful substances, or the GOTS label (compliance with Global Organic Textile Standards). We believe that this demonstrated commitment to product quality and safety makes us a reliable and trusted partner—for our retail customers and end consumers—and enables us to build solid and longstanding customer relationships.

Deep and longstanding relationships with leading retailers and third-party brands and a diversified customer base

We enjoy deep relationships with some of the largest retailers in Europe and North America. In these markets, we primarily develop, manufacture and sell to retailers for their retailer brands and we leverage these relationships to offer our customers products across all categories and the various geographies in which they operate, with the aim of becoming a single-source provider of disposable hygiene products. We currently supply our products through over 200 retailer brands globally.

In Europe, we provide retailers predominantly with retailer branded products, which is to say that we design and manufacture personal hygiene products sold under retailers' own brands. We have strong relationships with international and national retailers in the markets in which we operate, and our relationships with these retailers allow us to grow as they expand their businesses (including through market share gains and distribution expansion). We are also able to generate incremental growth by introducing new products, leveraging close cooperation with, and deep insights by, our retailer customers, to capture evolving end-user needs.

Additionally, in Europe we provide healthcare institutions with Ontex branded adult care personal hygiene products, also offering related services, such as trainings, to the institutions which employ them. We have strong relationships with these institutions in the markets in which we operate. By serving both healthcare institutions and the retail adult care market, we are able to leverage our expertise and innovation, to capture end-users' evolving needs and preferences, particularly in the adult care category.

In North America, a significant portion of our revenues is also generated by retailer brand products and our key customers purchasing our products include large national and international retail chains. Our main focus in this market is currently on baby care products.

We also enjoy deep relationships in the region with leading non-retailer third-party brands sold through retailers or via e-commerce, for whom we undertake contract manufacturing. Thanks to our strong product & development capabilities, we are the preferred partner for many of these non-retailer third-party brand customers to develop the differentiated offerings that will support their growth and bring innovative products to their consumers.

Our business remains relatively diversified, with our largest customer accounting for less than 10% of our revenue and our ten largest customers accounting for less than 40% of our consolidated revenue in the year ended December 31, 2024. Our relationships with the majority of our top 10 customers were established over ten years ago.

Broad manufacturing footprint with well-invested asset base and flexible operating capabilities

We have a broad manufacturing footprint in our continued operations (or “**Core Markets**”), with 11 production facilities located across 11 countries and four global centers of excellence and one regional center of excellence for innovation, which allows us to meet the needs of our customers with a multi-national presence in a flexible and agile way. Thanks to this global presence, we believe we are well positioned among retailer brand producers to serve increasingly international customers. We also believe that we are able to offer customers competitive prices since our manufacturing footprint allows us to leverage scale and optimize logistics costs.

We continuously consider opportunities to optimize our operations and have made investments in order to improve our production efficiency while also positioning us for future growth. For instance, over the last three years, we have (i) divested most of our operations in the Emerging Markets, with the divestment of the Mexican business in 2023, the Algerian and Pakistani businesses in 2024 and binding commitments to divest the Brazilian and Turkish businesses in the course of 2025, to focus on our retail and healthcare businesses located in Europe and North America, (ii) restructured our operations in Europe, with the closure of our plant in Mayen (Germany) in 2022 and our production site in Eeklo (Belgium) in 2024, as well as the transformation of our production site in Buggenhout (Belgium) into a center of excellence for research, development and production of medium and heavy incontinence care products, with the goal to strengthen our competitive position in the European market, (iii) expanded our plants in Spain and Poland with the introduction of additional production halls to strengthen production capacity, and (iv) rolled out new baby and adult pants lines in both Europe and North America, to support the growth our business and strengthen our new focus on the Core Markets. See “*Recent Developments—Disposal of our Brazilian operations*” and “*Recent Developments—Disposal of our Turkish operations*.” With these recent and ongoing initiatives, we believe that we are well positioned to continue to grow our revenue. In 2025, management expects that capital expenditures will remain broadly in line with 2024 levels, at approximately 5% of revenue, mainly to support growth of our North American business and our cost transformation program, and we expect these capital expenditures to reduce from 2026 onwards, as the investments related to the cost transformation program will decrease.

We also maintain a continuous focus on cost excellence in our end-to-end supply chain. We continuously invest in improving the efficiency of our factories and warehouses through, among other things, planned

maintenance, machine upgrades, automation systems and racking systems to increase storage capacity. Additionally, we have advanced in-house manufacturing excellence and engineering capabilities. In 2023 we launched a cost transformation program to boost the delivery of these excellence projects across our manufacturing and warehousing locations, which will remain a strong focus going forward. This delivered approximately €70 million net cost savings in 2024 across our Core Markets, and €72 million and €56 million gross cost savings in 2023 and 2022, respectively.

The flexibility of our production facilities allows us to deliver customized products to our customers and to respond to changes in demand for our products by reallocating production across our production facilities. It also enables us to respond with agility when facing unpredictable disruptions in our supply chain and potential raw material sourcing issues. We can also upgrade the technology of our product lines with minimal business disruption because of our ability to temporarily reallocate production across facilities. This also facilitates the sharing of manufacturing best practices, which enables us to realize production efficiencies and optimize our cost base across the plant network. Our deep engineering expertise also allows us to redeploy existing machines to support our expansion into new geographies while limiting capital expenditure and operating costs.

Last but not least, we are able to manage a high level of complexity, demonstrated by our wide range of stock keeping units, or SKUs, which involve different sizes, concepts and absorption levels. We offer a high level of product differentiation while leveraging common product platforms across our customers, thereby leveraging the scale of our R&D investments. We are also working continuously to reduce the complexity inherent to a growing and dynamic product range.

R&D capabilities enabling us to deliver a steady stream of innovations

Our innovation program, rooted in our commitment to making innovations accessible to everyone, is built on four principles, which we pursue by partnering with customers, suppliers and other stakeholders: accessibility, affordability, sustainability, and efficiency of our products.

Our ability to deliver product innovations is illustrated by the 13 innovations (requiring technology developments and resulting in product upgrades, new features and range extensions) we delivered in our Core Markets in 2024. Product innovations range between significant product updates, typically occurring every 2-4 years, to smaller and more frequent innovations relating to the introduction of new features, sizes, positioning. The technologies underlying our product platforms are designed with a focus on scalability, keeping our Core Markets in mind since their inception. This enables us to deploy them efficiently across all of our Core Markets, allowing us to cater to specific consumer preferences across different markets, while maintaining cost efficiency and reducing development timelines. Additionally, our product platforms are designed to meet our goals to achieve affordable and sustainable design (reducing our CO2 emissions and plastic usage at an affordable cost).

Our strong track record of delivering innovation over recent years includes: (i) *Dreamshield 360°*, the baby pant anti-leak technology launched in Europe; (ii) *Dreamshields*, the baby diaper designed for all-round leak protection and healthy and fresh skin, commercialized across Europe; (iii) our high absorption pants with enhanced softness tailored for medium-heavy incontinence customers, launched in Europe; (iv) *Confidaily*, the first retailer equivalent liner to come to market following the launch of the comparable A-Brand product, launched by Procter & Gamble in Europe in 2024; (v) *Satin Sense* tampons, the first equivalent retailer product to come to market following the launch of the comparable A-Brand product, launched by Kenvue (formerly Johnson & Johnson) in Europe in 2024; (vi) the continued roll-out of next-generation diapers with superior “fit & leak” protection across various key retailers in the U.S.

Our ability to deliver a steady stream of innovations is underpinned by our continuous investments as well as the unique organization of our R&D infrastructure and team, encompassing more than 100 employees. Our R&D function is primarily conducted through four global product-focused centers of excellence across Belgium, Spain and Germany and our regional North American center of excellence. As we are committed

to applying the highest scientific and quality standards, our unique innovation capabilities are strengthened by state-of-the-art laboratories, test stands for core development, dedicated full diaper pilot production lines, and an in-house engineering department and strategic partnership with OEM(s) supporting the design and installation of manufacturing equipment.

We believe that the strength of our R&D department is directly attributable to this unique research infrastructure as well as its close integration with manufacturing capabilities. Furthermore, we continuously seek to enhance our R&D capabilities through extensive collaboration with external laboratories, and partnerships with leading research institutes and start-ups.

Innovation intelligence is essential to fuel our innovation pipeline. To achieve this, we harness consumer trends, monitor competitor positioning, and analyze forthcoming regulatory changes. These efforts ensure our innovation pipeline remains future-proof, allowing us to anticipate A-brand launches and to develop A-brand equivalents ahead of our direct competitors. This approach is supported by our rapid in-house prototyping capabilities, robust partnerships with raw material suppliers, and collaborations with external test institutes. Additionally, we have significantly strengthened our co-creation workshops with customers in Europe and in North America, to be able to launch innovations that meet exactly consumer's demand, and match (or outperform) A-brands. Furthermore, we safeguard our new developments thanks to our in-house intellectual property and trademarking capabilities. We currently have 160 patent families in our portfolio, covering more than 800 individual patents.

Invigorated management team supported by reputable and experienced board of directors

We believe that our management team possesses a unique blend of operational expertise developed through longstanding service in the industry in which we operate, and newly introduced brand and commercial experience needed to drive the implementation of our strategic initiatives. Members of our Executive Committee possess an average of over fifteen years of experience in the retail consumer goods industry.

The longstanding operational experience of our Executive Committee is complemented by the consumer expertise and commercial capabilities of several recently hired new members. Our Chief Executive Officer, Gustavo Calvo Paz, was appointed in November 2022 and brings over 21 years of international experience in the consumer goods sector, including in senior roles with a blue chip U.S. company operating in Europe and the U.S. Our Chief Financial Officer, Geert Peeters, whose broad experience and knowledge in the domains of business transformation and operational and cash efficiency are key assets to pursue our cost transformation strategy, was appointed in December 2023. Additionally, in August 2023, we appointed Marco Querzoli as our Chief Supply Chain Officer, a dedicated position intended to closely manage our supply chain end-to-end, drive a step change in our customer service level and maximize operational efficiencies. Mr. Querzoli's extensive expertise in supply chain and procurement matters and his experience leading large multinational teams are key for the pursuit of our transformative strategy to increase the efficiency of our operations. In January 2021 we appointed Laurent Nielly as President of our Europe division. Since joining Ontex in 2017, Mr. Nielly has transformed the Company's operations in the face of many challenges and will play a key role moving forward in affirming our leadership position in the retail and healthcare business in Europe. In May 2023, Paul Wood was appointed President of our North America division, bringing considerable experience of general management and commercial leadership especially in retailer brands. The remaining members of our Executive Committee— Jonas Deroo (Chief HR and Legal Officer and Secretary General; with Ontex since April 2015); and Annick De Poorter (Chief Innovation and Sustainability Officer; with Ontex since 2003)—bring decades of experience and deep expertise in their respective fields that we believe to be crucial for delivering our strategic transformation. See "*Management—The Issuer—Executive Committee*."

Our dynamic management team is complemented by a strong board of directors possessing a wide variety of skills and deep expertise in relevant fields and industries. The members of our board possess an

average of 32 years of experience, and a majority have experience and skills in the consumer goods and retail industries. See “*Management—The Issuer—Directors.*”

Our Strategies

Introduction

We enjoy a leading position in the retail personal hygiene market in Europe and North America across our three core categories and the geographies where we operate. Our strategic positioning in the retail and healthcare businesses, our extensive industrial footprint and recognized expertise allow us to benefit from the continued structural growth in demand for our products, driven by positive socio-demographic and adoption trends and shifts in consumer behavior.

We have a unique business model that is based on three elements: proximity, flexibility and affordability. We are close to our customers and we are able to leverage flexibility in operations in order to deliver winning solutions in an affordable way. This model has been the key driver of our success in the past, and since 2022 embarked on a transformation plan to further develop this model to reinvigorate and strengthen our leadership in Europe and North America's retail and healthcare markets. We believe we will achieve this goal by following five strategic pillars:

- *Enhancing customer-centricity*, by fostering strong customer relationships, ensuring service excellence, and simplifying our product portfolio to pursue commercial success;
- *Focusing on competitive and timely innovation*, by leveraging customer insights, designing cost-effective and sustainable products, and achieving innovation through a unified product platform;
- *Bolster our sustainability performance*, by embedding sustainability considerations in every product, investing in our people, and maintaining high ethical standards and full transparency across the value chain;
- *Streamlined and cost-efficient operations*, by harmonizing and upgrading our assets, optimizing our networks, and achieving excellence in manufacturing and industrialization; and
- *a lean and performance-driven organization, to create value for all our stakeholders*, by simplifying processes, fostering a value and results-driven culture, and embracing a diverse and inclusive workforce.

Our strategic agenda, which is outlined in the following paragraphs, is organized around three main value creation drivers: (i) competitive and sustainable innovation, (ii) business expansion, and (iii) best-in-class operations.

Competitive and Sustainable Innovation

Our strategy for innovation is aimed at achieving competitive advantage within the retailer brands segment and the healthcare channel, while fostering sustainable growth. We are focused on maintaining our leadership position through four strategic pillars:

- *Speed to Market*: being the fastest in aligning with A-Brand standards, ensuring that our products consistently outpace retailer brand competitors and capture market opportunities swiftly;
- *Cost Efficiency*: designing cost-effective products by making structural changes that maintain consumer value while reducing overall costs, enhancing affordability, and delivering the same consumer value;
- *Sustainability Commitment*: reducing CO2 emissions and minimizing plastic waste, bolstering our reputation as a sustainability leaders within the industry;

- *Unified Product Platform:* harmonizing our offerings between the European and North American markets, to simplify operations and ensure a consistent brand experience across different regions.

Our innovation pipeline is also focused on the following four major consumer trends, to ensure that we meet evolving customer expectations through our innovations:

- *Fundamentals First:* prioritizing features such as absorbency, leakage prevention (both for daily and nightly products), breathability and dryness, aiming to meet essential consumer expectations with high-quality products;
- *Good for the Planet:* using natural materials, reducing plastic content, and enhancing both recyclability and reusability. This strategy reflects our goal of creating products with a conscious ecological footprint;
- *Good for Me:* recognizing the importance of personal health and safety, by manufacturing products free from harmful chemicals. Additionally, we promote ingredient transparency, to ensure consumers feel safe and informed about their choices; and
- *Comfort Me:* catering to the rising demand for self-care, we focus on offering superior softness, skin-friendliness, and a perfect fit, enhancing the overall user experience.

We plan to launch over 25 innovations in 2025, with 13 launched in 2024, and to develop a robust pipeline of more than 30 innovations to be deployed in subsequent years. Our ambitious sustainability agenda not only seeks regulatory compliance but also aims to establish us as leaders in sustainability within the retailer brands sector. This is driven by our unwavering commitment to actions that benefit the planet, the people, and our business.

Through this comprehensive and strategically focused approach, we are well-positioned to deliver competitive and sustainable innovations that align with both market demands and our long-term objectives.

Business Expansion

Our business expansion strategy for the coming years is focused on two priority markets: Europe and North America.

In Europe, our strategy aims at strengthening our leading position in retailer brands in the baby care, feminine care and adult care product categories, as well as in the healthcare institutional channel. We pursue this strategy by continuously striving for foundational excellence, maintaining a favorable product mix and focusing on selected products where our competitive position is strong, or for which market demand grows. This includes, for instance, our focus on our position in retail and healthcare within the adult care category, which is growing thanks to societal trends, and in relation to baby pants, for both of which we aim at delivering double digit growth between 2023 and the end of 2025.

In North America, our goal is to sustain and accelerate the growth of our North American operations, through a robust expansion plan delivering double digit growth over the next few years, including by tripling production capacity at our Stokesdale plant by the end of 2025. Our market share in the retailer brand segment has grown over the last few years. While our market share is currently modest, at less than 10% of the retailer brand segment, we have secured contracts with multiple leading retailers, including among the top five retailers in the U.S.

Retailer brands represent a smaller portion of the overall market in North America, compared to Europe, and this represents a significant growth opportunity for our North American business. Our expansion will also be pursued through increased engagement with retailers, co-creating innovations. Our current

strategic focus is on baby care products, and we are considering entering other product categories and distribution channels, based on our European experience, within the next few years.

Best-in-class Operations

In 2023 we launched a cost transformation program, aimed at simplifying and improving our supply chain set-up. This consists of a harmonization of: (i) our product portfolio, through the optimization of our warehousing and working capital, including by reducing our product combinations by 45% (ii) our production set-up, by improving efficiencies at our plants and through targeted investments for more than 50% of our production lines (including new, retired and transferred production lines), and (iii) our raw materials supplies, through a higher focus on contract negotiations. Through this program, we aim to improve our cost competitiveness in line with our strategy to deliver quality products at affordable prices.

Further, this simplification also involves the transformation of our manufacturing facilities, including through the recent closure of our Eeklo plant and the refocus of the Buggenhout plant, in line with the reorganization that we rolled out at our Germany operations in the previous years. As we move forward, we are committed to structurally enhancing the cost-efficiency of our supply chain activities, through a robust pipeline of cost transformation initiatives.

In our North America division, our strategic focus is currently on increasing our capacity, to be able to meet the growing customer demand and benefit from societal trends. To reduce the risk of inefficiencies which may result from significant production increases in a limited time span, we are focusing in parallel on gradually improving and stabilizing our operations, to increase our profitability by aligning with our overarching goal of ensuring operational efficiency and sustained growth across key markets.

In addition, we aim to further develop our performance-driven culture, cemented in a new incentivization and remuneration policy aligned with shareholders' interests. Our objective is to clearly cascade ownership and accountability on key goals, which should increase the speed of decision-making. Our performance management system, includes, among others, target setting, monitoring of performance, feedback systems, and a culture emphasizing results over effort. Transparency in the disclosure of performance targets will be a key element in the success of our project.

Continued focus on maintaining a robust financial profile

In addition to the strategic initiatives described above, we intend to continue pursuing a sound financial policy, as demonstrated by reducing the Group's overall indebtedness and financial leverage over the last two years, and we believe that the continued implementation of our strategy will support our efforts in coming years. As part of this plan we intend to more proactively manage our cash and our costs, with a focus on optimizing capacity and better allocating our capital. We also aim to focus our capital expenditures on initiatives that we believe will have the biggest impact on our business, with the ultimate aim of normalizing our capital expenditures at a lower run-rate level than in recent years.

In the year ended December 31, 2024, our leverage ratio decreased to 2.46x, from 3.25x in the year ended December 31, 2023. In connection with the Transactions we intend to refinance the Existing 2026 Notes, and the Transactions are expected to result in a net reduction to our financial indebtedness of €86.5 million.

History

The Company was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into our current core product categories and grew the business internationally, both organically and through acquisitions.

After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, the Company was listed on Euronext Brussels in 1998. Following the listing, we experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

The Company was acquired by funds advised by Candover in 2003 and subsequently de-listed from Euronext Brussels. We acquired the diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, we acquired ID Medica, which sells incontinence products in Germany.

In 2010, the Company was acquired by funds managed by GSCP and TPG. In 2011, we opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult care market in France, in October 2011. In 2013, we acquired Serenity, a company operating in the adult care market in Italy, and opened a production facility in Pakistan.

In 2014, we completed our initial public offering and listed our shares on the Euronext Brussels exchange, trading under the ticker "ONTEX."

In 2016, we acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products.

In March 2017, we acquired the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil"). In July 2017, we also opened a production plant in Ethiopia manufacturing baby diapers specifically designed to meet the needs of African families.

In February 2019, we opened a production plant in Radomsko, Poland to support our Central European business.

In July 2020, we acquired our U.S. feminine hygiene assets from Albaad Massuot Yitzhak Ltd. in Rockingham County, to further develop our North American business.

In 2021, the Company announced its revised strategy focusing on its partner retailer and healthcare brands in Europe and North America, while exploring strategic alternatives for its primarily own-brand ventures in Central and South America, the Middle East, and Africa. In 2021, we began phasing out our manufacturing operations located in Mayen, Germany, transitioning the facility into an excellence center for Global Process Engineering, Global Product Technology, and Market Adaptation in baby care. By 2022, the Mayen facility had officially closed, and the excellence center was operational.

In 2022, we opened a production facility in Stokesdale, North Carolina, to primarily serve the North-American east coast, while discontinuing our operations in Ethiopia.

In 2023, we completed the sale of our Mexican business, including the manufacturing facility in Puebla, while retaining the Tijuana plant as part of our North American supply chain, together with a plant in Stokesdale, North Carolina.

In the first half of 2024, we completed the sale of our Algerian and Pakistani operations. In June 2024, we announced the major restructuring of our Belgian production and distribution activities, including the closure of the Eeklo site and the transformation of the Buggenhout site into a center of excellence for medium and heavy incontinence care products. The Eeklo plant was closed by the end of 2024, and the transformation of the Buggenhout facility is slated for completion by mid-2026.

In September 2024, we entered into a binding agreement to sell our Brazilian business activities to Softys S.A. for an enterprise value of BRL 671 million. Net proceeds, after customary adjustments and fees, are expected to be approximately €82 million, with the transaction is set to close in the second quarter of 2025.

In February 2025, we announced that we entered into a binding agreement to sell our Turkish business activities to Dilek Grup. The transaction set to close in the third quarter of 2025.

Divisions

We operate our Core Markets business as a single operational segment, with four divisions. Our divisions include a Global Research and Development division, a Global Supply Chain division, and two commercial divisions: Europe and North America. Our Europe division focuses predominantly on large, sophisticated chain retailers who wish to build strong retailer brands, to whom we supply retailer brand products. Additionally, our European activities also focus on the healthcare channel, with a customer base made mostly of institutional customers, such as hospitals, nursing homes and homecare organizations, which are typically government funded or reimbursed by other third-party payers. In the North America division, we sell primarily retailer brand products and third-party lifestyle branded products, currently with a main focus on baby care products. Overall, approximately 70% of our revenues are generated by the retailer and contract manufacturing channel, and approximately 30% are generated in the healthcare channel.

Besides our Core Market activities, we still manage our remaining Emerging Markets businesses in the Middle East and in Latin America, which we have discontinued and have been treated as held for sale since 2022. These businesses are primarily focused on own brands. As of the date of this Offering Memorandum, we reached binding agreements for the sale of both of these businesses in 2025.

Europe Commercial Division

Our Europe division is focused on retailer customers and the healthcare channel. Using our expertise and innovation capabilities, we partner with our customers to design, manufacture and market personal hygiene products sold under their own brands or, in the case of the healthcare channel, employed in their activities.

Through our Europe division we sell all three of our core product categories: baby care, adult care and feminine care products. This division generates the majority of its sales in countries where demographic trends are relatively stable. For example, adoption rates for baby care and feminine care products are already relatively mature, whereas the adoption rate for adult care products is still expanding strongly with ageing populations, supported by wider acceptance and decreased stigma and trends toward seniors living more active lifestyles and staying at home for longer (rather than transitioning to institutional care).

The Europe division's retailer customers comprise large national and international chain retailers, mostly discount stores, drugstores, supermarkets and hypermarkets. Through our Europe division we hold strong, leading positions in the retailer brand segment in each of our three product categories.

In the institutional healthcare channel, the Europe division primarily sells adult care products through distributors or directly to institutional customers in the healthcare market, such as governmental departments, local authorities, health insurers, hospitals and nursing homes and in some cases directly to consumers in their homes. Out of our total sales in the Europe division, the healthcare channel accounted for approximately one third of our revenue in the year ended December 31, 2024.

North America Commercial Division

Our North America division is focused on the production, marketing and sales of retailer brand and third-party branded products. While it is active across all three of our core product categories, the focus of our North American business is currently on baby care products. The North American market is demographically similar to Europe and characterized by a mature market, with high adoption rates and degrees of consumer choice for our products. Compared to our Europe division, our North American business represents a smaller market share, of less than 10 % (as opposed to a market share of approximately one third in the retailer brand segment in Europe).

Geographies

The following table sets forth our revenue from the countries which as of December 31, 2024 represented our top five countries, for the years ended December 31, 2023 and 2022:

	Years ended December 31,		
	2024	2023	2022
	(€ millions)		
United Kingdom.....	316.2	303.9	253.8
Italy	252.7	219.3	180.4
USA.....	248.9	197.2	205.1
France.....	188.3	190.2	182.7
Poland.....	173.7	167.8	138.2
Other countries ⁽¹⁾	680.7	716.2	711.8
Total	1,860.5	1,794.7	1,672.2

Note:

- (1) Other countries includes revenue from sales to Germany, Russia, Spain, Australia, Belgium, Portugal, Ireland, Netherlands, Sweden.

Products

The following table sets forth our revenue from continuing operations by product category for the years ended December 31, 2024, 2023 and 2022.

	Year ended December 31,					
	2024		2023		2022	
	(€ millions)	(% of total revenue)	(€ millions)	(% of total revenue)	(€ millions)	(% of total revenue)
Baby care.....	793.4	42.6	790.0	44.0	765.0	45.7
Adult care.....	800.5	43.0	736.4	41.0	653.6	39.1
Feminine care.....	236.6	12.7	241.3	13.4	222.0	13.3
Other ⁽¹⁾	30.0	1.6	27.0	1.5	31.6	1.9
Total	1,860.5	100	1,794.7	100.0	1,672.2	100.0

Note:

- (1) Other products comprise a range of services and traded products purchased by us and sold commercially.

Baby Care Products

Our baby care segment consists of three product lines: baby diapers, baby pants and wet wipes, which are described below. The baby care category represented €793.4 million of our revenue for the year ended December 31, 2024. Our baby care products are mostly sold to retailers, in both of our Europe and North America divisions, to be sold under their retailer brands, and to a lesser extent as third-party brands, mostly in North America.

Baby Diapers

Baby diapers are disposable garments consisting of a waterproof layer, an absorbent core (made from fluff and super-absorbent powder) and mainly non-woven and elasticized materials. Baby diapers have an open construction (as differentiated from baby pants as described below) and are closed on the front side using adhesive tape.

We produce a range of basic to premium-quality baby diapers for use by premature babies up to older infants (typically up to 3 years old, but also for a broader age range). The differentiation of basic versus premium diapers is based on factors such as the core technology, parameters of absorption, rewet capacity, softness and fit. Our basic diaper meets basic absorption and fit requirements and has limited extra features, whereas our premium diaper offers better stretch, softness and absorption qualities.

We offer different core technologies (e.g. with or without channels, “thin anatomical” vs. “optimized straight” cores) and a wide range of product features (e.g. front and back pockets for additional protection, frontal tapes, elastic ears, closure tapes, levels of softness, tailor-made print designs) to allow customers a variety of choices to best suit their needs. Baby diaper options also include natural or sustainable components, in line with the recent consumer trends towards more ecological products, as well as a range of other premium characteristics.

Baby Pants

Baby Pants have the same basic construction as Baby Diapers, except that they have a closed construction and therefore resemble classic underwear. The elastic ears and adhesive tapes of a typical baby diaper are replaced by a sealed elastic belt, and their elastic sides allow baby pants to be pulled up and down. Our Baby pants have an absorption capability and features comparable to our baby diapers.

Our range of baby pants includes four main types of products: regular pants, swim pants, night pants and junior pants. Regular pants are intended for babies and toddlers up to 3 years old. They provide parents with a more convenient changing experience when toddlers start to crawl or potty-train. Swim pants have a slightly different construction (no fluff or super absorber) and are intended to be worn while swimming. Night pants are intended to be worn while sleeping, and junior pants target children up to the age of 15 facing bedwetting issues or disabilities.

Feminine Care Products

Our feminine care products range consists of external products, such as sanitary towels and panty liners, and internal products such as tampons. The feminine care category represented €236.6 million of revenue for the year ended December 31, 2024.

Our feminine care products are mostly sold through our Europe division to retailer brands.

Sanitary Towels

Sanitary towels are disposable absorbent pads used by women to absorb menstrual flow. They are made of a back sheet to protect underwear from leakage, an absorbent core comprised of fluff or air-laid sheet and super-absorbent powder, an acquisition and distribution layer and a top sheet in contact with the skin. An adhesive strip keeps the fluff towel in position during use. Individual wrapping enables these products to be discreetly carried and provides an easy method of hygienically wrapping the used product for disposal.

We produce a range of sanitary towels in different formats and shapes and with a wide variety of features in order to allow for proper differentiation for our customers. Our sanitary towels range from towels for discreet daytime use to towels for heavy night use, are offered with and without wings and are anatomically shaped for women, and certain towels are constructed using sustainable or eco-friendly materials. Our range of sanitary towels includes thin Ultra towels and classic Fluff towels.

Panty Liners

Panty liners are thin absorbent pads used to protect underwear in daily usage. Panty liners are layered, containing a back sheet, absorbent core, a light acquisition and distribution layer, and a soft top sheet. The essential requirements for panty liners are comfort and protection. We produce a wide range of panty liners because their consumption pattern, as well as their composition, differ across countries.

Tampons

Tampons are absorbent plugs for internal body use by women to absorb menstrual flow. We produce a wide range of tampons, including both digital tampons (non-applicator tampons) and tampons with applicators (short plastic, long plastic and cardboard). We also offer both viscose and 100% organic cotton fiber tampons. Tampons are available in various sizes, which correspond to their absorbency levels.

Adult Care Products

Adult care products are disposable devices specifically designed to manage light, moderate and heavy incontinence.

The adult care category represented €800.5 million of our revenue for the year ended December 31, 2024. Our adult care products are primarily sold in our Europe division, as retailer brands and under Ontex brands through specialized healthcare channels (e.g. hospitals/clinics, pharmacies and home delivery channels).

Adult Pants

Adult pants are disposable adult garments resembling underwear with an absorbent core (fluff and super-absorbent powder), a waterproof layer, elastics and soft non-woven fabrics. Adult pants are designed for users with an active lifestyle and can prolong independence. The pants are typically fully elasticized to ensure a close fit.

All-in-one Tape Systems

All-in-one tape systems are diaper-like products for adults with adhesive tapes operating as a closure system, an absorbent core and non-woven materials. They are suitable for moderate to heavy incontinence and are produced in a wide range of sizes and absorbencies. The products with a textile back sheet feature breathable side panels as well as fully resealable fixing tapes to ensure a secure fit, a wetness indicator and anti-leak cuffs to minimize the risk of leakage.

Belt Diapers

Belt diapers are disposable diapers for adults featuring a specific closure system with an absorbent core and non-woven materials. The belt product offers an alternative to all-in-one tape systems and the two-piece shaped pad system. The use of a belt with resealable hook and loop fasteners eliminates the need for separate fixation pants, making the pad easier to fit and more comfortable. The product also features anti-leak cuffs to minimize leakage.

Shaped Pads

Shaped pads are larger pads for adults with an absorbent core made of super-absorbent materials. They are available in several absorbencies and are suitable for moderate to heavy incontinence. Shaped pads feature a textile back sheet with a double wetness indicator and anti-leak cuffs to minimize the risk of leakage.

Underpads

Underpads are absorbent sheets used to protect beds and seats. They consist of a plastic back sheet, an absorbent thin fluff-mat and a non-woven cover. They are available in a number of sizes and absorbencies.

Light Incontinence Products

Light incontinence products are disposable small pads made of an absorbent core (comprised of fluff and super-absorbent powder), a waterproof layer and soft non-woven fabrics. These feature a wide adhesive strip to secure the pad in position, and an anatomical shape and elasticized to help achieve a comfortable fit. Several levels of absorbency are available, offering solutions for distinct levels of stress and light urgent incontinence.

Customers

Retailers

In our Europe and North America divisions, we sell the majority of our products to retailers. Most of our revenues are generated from “modern trade” retailers that sell their products both in brick and mortar stores (e.g. hypermarkets and supermarkets) and through online channels.

We supply retailers with retailer brand products: we design, manufacture and market personal hygiene products which these retailers sell under their own brands. We have strong relationships with a number of national and international retailers. These relationships allow us to grow alongside these retailers as they expand their businesses. We also are able to generate incremental growth through the introduction of new products.

We enter into framework agreements with the majority of our retailer customers. These agreements are generally on a non-exclusive basis and generally contain no minimum purchase obligations. These agreements typically do not have a fixed term, and when they do, the term is generally one to three years. Some of these agreements are automatically renewable or continue indefinitely if neither party terminates. In the event a customer wishes to cease purchasing products from us, we are usually provided with sufficient notice to allow us to run down inventories dedicated to that customer while that customer works to ramp up production with its new supplier.

Third Party Brands—Contract Manufacturing

Our activities also include, to a lesser extent compared to our retailer and healthcare businesses, contract manufacturing, in which we manufacture products for third parties that own the brands and manage their commercialization across wide range of customers and/or channels. We distinguish between two types of contract manufacturing customers.

First, we provide contract manufacturing for smaller brands that are owned and managed by companies that usually do not have their own production facilities, focusing instead on the commercialization aspects (e.g. sales and marketing). These third-party brands are usually positioned as “lifestyle” brands and are sold online and in retail stores. These customers usually have a good understanding of what their consumers are looking for, and partner with us to develop the right solution for them, leveraging our expertise, innovation capabilities and a collaborative approach for development of products. This is the case primarily in our North America division.

Secondly, we engage in contract manufacturing of products for large brands that are also produced by the manufacturer itself. In this case, production is usually outsourced for selected product ranges because the manufacturer does not have the appropriate equipment and/or enough capacity to produce in sufficient quantities.

Distributors

In some of the countries in which we operate, where we do not have meaningful sales, we sell products to distributors, wholesalers and other intermediaries who market our products to traditional stores.

Institutional

Our Healthcare channel supplies institutions such as governmental departments, local authorities, hospitals, health insurers and nursing homes, either directly or through distributors. Typically, agreements with these customers are based on open tender processes (generally for a term of two to four years) or contractual supply agreements based on detailed price conditions by product reference.

Production, Transportation and Delivery

Production Facilities

We currently operate 11 production facilities located across Europe (one in Belgium, one in the Czech Republic, one in France, one in Germany, one in Italy, one in Poland and one in Spain), Russia, Australia, the U.S. and Mexico. As of the date of this Offering Memorandum, we have two facilities (in Brazil and Turkey) which are in discontinued operations and planned to be divested in the course of 2025. Our production facilities are strategically located in our Core Markets and close to our major customers, which helps limit transportation costs. Our operations in Eastern Europe and our production plant in Mexico also allow us to take advantage of lower production costs. We endeavor not to rely solely on any single facility for any of our products, and to maintain flexibility to redistribute production among our facilities as needed in the event of planned maintenance, unforeseen shutdowns or fluctuations in demand.

We have well-maintained production facilities with capacity for growth. All of our production facilities are regularly inspected and are maintained to high standards. In addition, our larger retail customers regularly audit our production facilities. We believe that our investment in improving and maintaining production facilities has resulted in a regular improvement in production efficiency across product categories during the past few years. Since 2018, we have invested in new production lines, mainly in the fast-growing categories of adult and baby pants. In North America, we have focused our investments in the development of new baby care lines through our Stokesdale plant.

The flexibility of our production facilities allows us to deliver customized products to our customers and respond to changes in demand for our products or to disruptions across our business while minimizing our costs of production. For example, during the COVID-19 pandemic we experienced production disruptions in certain of our factories, but were able to secure supply in all countries by redirecting production via temporary support flows organized between our plants. See *“Risk Factors—Risks relating to our industry and our business—We may experience disruptions at our production facilities or, in extreme cases, our production facilities may be shut down, including due to extreme or unfavorable weather conditions, natural disasters and climate change.”*

Transportation and Delivery

In general, we arrange for our products to be delivered to our customers directly. In some instances, however, the customer collects the products from the relevant production facility or warehouse or distribution center. Where we deliver our products to our customers directly, we transport our products using a range of third-party transport companies. Where possible, we consolidate shipments of our products to our customers, which can lead to cost savings. We may also engage a transport company to transport products from our production facilities to the relevant warehouse or distribution center. To provide maximum flexibility, we utilize a mixture of leased and owned warehouses which we operate ourselves and distribution centers which are operated by third parties, whom we pay for each pallet that passes through the facility. Our transportation and delivery costs vary by sales channel. For example, such costs can be a larger percentage of sales in the healthcare institutional channel, particularly in the home delivery and nursing home channels, relative to similar retailer branded products distributed by our Europe division.

Raw Materials

Raw materials and consumables purchased accounted for 78% of our cost of sales for the year ended December 31, 2023 and 75% for the year ended December 31, 2024. Our key raw materials are fluff, super-absorber and non-woven fabrics. These represent approximately 20% of our raw materials each, with the remaining approximately 40% consisting of back-sheets, glues, elastics and packaging material primarily. The relative percentage of these materials varies by product.

We source our raw materials from a broad base of suppliers and endeavor to have at least two to three key strategic suppliers per category, capable of meeting our requirements for each category. Our top 10 suppliers accounted for less than 50% of our total supplier spend in 2024 and, aside from a single contract accounting for approximately 10%, no single supplier accounted for more than 5% of total supplier spend. In general, we pursue long-term relationships with our key strategic suppliers, and certain suppliers have been supplying raw materials to Ontex at varying levels since its founding. The top suppliers across our key raw materials categories have remained stable over the past ten years. Where possible, we intend to further consolidate our supplier basis with a focus on strategic integrated collaboration with our trusted suppliers. We believe that this will maintain stability while increasing efficiency throughout the organization, enhancing access to co-development and innovation, and reducing costs for us and our suppliers.

Contractual terms with our raw material suppliers vary as to price, payment terms, quantities and duration, and our raw material costs are also subject to price volatility attributable to a number of factors including, but not limited to: the availability of supply (including supplier capacity constraints); general economic conditions; commodity price fluctuations (particularly of derivatives on petroleum); demand by other industries for the same raw materials; and the availability of complementary and substitute materials. We are focused on tightly controlling our raw material costs by carrying out reviews and benchmarking analyses of suppliers' pricing, including via competitive tenders, to achieve the best possible terms. We maintain in-house resources dedicated to in-depth market and cost analyses that guide our materials purchasing. Our suppliers are required to undergo detailed onboarding procedures, including education and acknowledgement of our compliance policies for third-party vendors, and submit to a regular monitoring and audit program.

We have a central procurement department organized by category of commodity that continuously supervises raw material procurement and monitors our supply chain costs, which include logistics (transport and warehousing of raw materials), inventories and procurement overheads.

In order to better control our exposure to price changes in raw materials, we have entered into hedging arrangements. Upon occurrence of certain conditions, we have the option to hedge a portion of our propylene, polypropylene and polyethylene exposure. We maintain a commodities hedging committee which meets on a monthly basis to assess our hedging opportunities. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure About Market Risk—Commodity Price Risk"* and *"—Commodities Hedging Committee."*

Marketing

Given our focus on the retailer brands segment and the healthcare channel, we do not carry out any significant direct advertising or marketing campaigns. Rather, our retailer customers market their own brands directly to consumers, which we support through product innovation, design differentiation, category management (online and offline) and trade marketing campaigns. Retailer brands are increasingly viewed as real brands and are actively promoted by retailers, and we partner with these clients to provide key support in brand positioning and asset development (e.g. packaging, key visuals and point-of-sale materials).

In the healthcare channel, we are required to comply with specific local regulations on product performance, market conditions and advertising of medical devices (applicable to certain of our adult care products). We focus our marketing plans on well-known and respected Ontex brands. Sales tools (e.g. professional leaflets and product brochures) and product sampling are critical to promote trial and conversion. We also provide certain value-added services to customers in this channel to support healthcare professionals and institutions in reducing the cost of change, through efforts aimed at product conversion and optimization, staff training, and supervising the total cost of management platforms which we have developed internally. We also participate in healthcare congresses or fairs and endorse activities of medical or nurses' associations.

Sales

We maintain 13 sales offices globally, serving customers in approximately 100 countries. General managers and regional sales directors are responsible for defining concrete commercial targets, required resources, and specific business key performance indicators for their respective geographies, in overall alignment with broader divisional strategy and financial objectives.

We approach our larger retailer customers by adapting our sales process and team organization to their organizational structures and specific needs. Consequently, our sales targets are not only focused on the acquisition of new customers, but on the development of existing business with dedicated account and category plans (offline and online) defined and implemented by a team of specialized key account managers, supported by regional account managers, technical product managers, trade marketing, and merchandisers.

Our healthcare sales teams focus on institutional buyers of adult care products, distributors and medical retailers (such pharmacies, drug stores or specialist medical shops). Frequently these teams also need to visit doctors and nurses to promote the prescription or recommendation of our products and brands. This complex and fragmented route to market requires larger sales forces and the support of continence care specialists (nurses), facilitating conversion and training on the optimal use of our solutions and on general elderly care.

E-commerce is acquiring a growing importance as a sales channel for our retailer customers, and we have in place specialized teams that work with our retail customers on the development of their own online platforms (category and retailer brand development).

Pricing Policy

Retailer brands' prices are based on the specific customer's price positioning in relation to an expected index versus the "lead" brand. The analysis of the complete value chain and our customer's expectation on margins is critical to defining our own price and allows us to maintain a competitive position in the negotiation or tender processes and preserve our profitability targets. Final pricing is determined on a centralized basis (for large accounts) or locally, according to clearly identified parameters.

Healthcare tenders issued by national or regional health services, nursing home groups or medical insurance providers are normally based on a combination of pricing (critical element) and quality scores. There is often an indication of expected maximum prices to be respected. We base our decision on historical prices, total value and logistical conditions, and we complete a detailed profit run study before taking a final decision.

Research and Development

We have a proven ability to deliver product innovations, having delivered 13 innovations in 2024 and planning to launch over 25 innovations in 2025 (e.g. product technologies new to Ontex, product upgrades and features, and range extensions). The technology "platforms" underlying our product developments are

capable of being adapted and deployed across geographies and product segments (e.g. applications across baby diapers, adult care products and feminine care fluff towels). In recent years, examples of the innovations we launched and commercialized include: (i) *Dreamshield 360°*, the baby pant anti-leak technology launched in Europe; (ii) *Dreamshields*, the baby diaper designed for all-round leak protection and healthy and fresh skin, commercialized across Europe; (iii) our high absorption pants with enhanced softness tailored for medium-heavy incontinence customers, launched in Europe; (iv) *ConfiDaily*, the first retailer equivalent liner to come to market following the launch of the comparable A-Brand product, launched by Procter & Gamble in Europe in 2024; (v) *Satin Sense* tampons, the first equivalent retailer product to come to market following the launch of the comparable A-Brand product, launched by Kenvue (formerly Johnson & Johnson) in Europe in 2024; (vi) the continued roll-out of next-generation diapers with superior “fit & leak” protection.

Our R&D team is centrally managed and has proven in-house R&D capabilities. Our R&D team consists of over 100 professionals (product design & development specialists, lab staff, management and planning personnel) who are principally based across four global R&D centers of excellence, which are located mostly in our major production facilities in Belgium, Spain and Germany, and our regional R&D center of excellence in North America. The R&D team is primarily responsible for the validation of new product designs, the optimization of existing products and the product qualification of new raw materials.

The R&D team pursues a collaborative approach with our sales and marketing, legal, procurement, engineering, quality and production teams to coordinate rapid deployment and scale-up of innovations and product upgrades. We have unique innovation capabilities in-house, in strong collaboration with our engineering department, including a dedicated full diaper pilot line and test stands for absorbent core development. We also have our own state-of-the-art laboratories, have established longstanding collaboration with external laboratories, and we partner with start-ups and research institutes for selected innovation projects.

Intellectual Property

The intellectual property rights in relation to our products are retained by us, rather than by our retailer customers. It is of the utmost importance for us and our customers that we ensure that our products, machines and manufacturing procedures do not infringe any third-party intellectual property rights. We assess our products, machines and manufacturing procedures from a legal, regulatory and intellectual property standpoint in order to achieve this objective.

As part of this process, we strive to keep our knowhow confidential and file for intellectual property rights to obtain relevant protection towards third parties, safeguard our own freedom to operate and maximize business and commercial opportunities arising therefrom. Our approach to protection of our intellectual property varies depending on the nature of the technology we are attempting to safeguard. For manufacturing processes and machines, we often choose to keep our knowhow and technology confidential without any disclosure outside the company, while for product innovation we may file for relevant intellectual property rights and thereby disclose the product technology within the relevant application. The reason we take this differentiated approach is that product technologies may be more easily reversed-engineered once the relevant product is placed on the market, while this is not the case for machines and processes, which remain confidential within our production facilities. Any innovation must still be assessed on a case-by-case basis, and we may take a different approach in certain cases and based on our IP policy.

We mainly protect our intellectual property through patents and trademarks. We currently have approximately 160 distinct active patent families which relate to various product specifications for our absorbent hygiene product categories—being (i) internal and external feminine hygiene within our feminine care category, (ii) baby care and (iii) adult care products—as well as the production processes and

technologies used to manufacture them. Within these patent families, several regional and national patents have been filed and granted, and in the ordinary course we generally have pending applications in respect of products, processes and technologies. In total, we hold more than 800 active patents and patent applications worldwide. In addition to patent protection, we also register and expand our healthcare brands and trademarks to protect the commercial usage of our products. We further hold a total of more than 100 registered designs protecting aesthetic aspects of several of our commercial products and features such as print designs, absorbent core channel shapes and the like.

Further, if there is customer demand for a new product or innovation which is protected by third-party rights which prevents us from using such product, where possible, we will seek to negotiate and either cross-license or purchase a license from the relevant third party in order to be able to manufacture the product.

Employees

As of December 31, 2024, we employed 5,204 employees in our Core Markets and 6,896 at Group level, including our Emerging Markets. The following table shows a breakdown of our headcount for the last two financial years:

	Year ended December 31,	
	2024	2023
Core Markets	5,204	5,503
Emerging Markets.....	1,692	2,262
Total	6,896	7,765

We consider our relations with our employees to be good. The terms and conditions for employees, including working hours, termination rights and benefits, are governed by standard employee contracts together with, in certain circumstances, a variety of collective bargaining agreements. Additionally, we hold a European Works Council for the purpose of discharging certain requirements to inform and consult with employees on an international level.

A majority of our employees in Belgium, France, Spain, Italy and Germany are covered by collective bargaining agreements or represented by trade unions, local works councils or the European Works Council.

While certain of our collective bargaining agreements are for an indefinite term, others need to be renewed from time to time. In the past five years, we have successfully concluded and/or renegotiated collective bargaining agreements without meaningful work stoppages. Although we have not experienced difficulties in the past in renewing our collective bargaining agreements on acceptable terms, there can be no assurance that we will be able to continue to do so in the future. Should there be significant industrial action, disruptive works council activity or disturbances across our workforce, we could experience a disruption of operations and increased costs as a result. Although we can generally shift production to other facilities that are not affected by industrial action, there can be no assurance that we will be able to do so in all cases.

Employee Incentives

We seek to incentivize our employees in a number of ways. The primary incentive method consists of awarding key managers bonuses pursuant to our management incentive program. Under our management incentive program, employees may receive a bonus equal to a certain percentage of their basic salary upon the achievement of certain personal and business goals.

We also award bonuses to certain employees, in particular to our sales team, which are dependent upon the level of sales achieved by the relevant team. In addition, we have set up a long-term incentive plan for members of the executive management team, certain other senior managers and other persons assimilated to these categories.

We also operate a bonus program for our plant-based staff, whereby the level of the bonus depends on the achievement of plant-specific targets for production efficiency, quality and safety.

Pensions

We make payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, we have an obligation to make severance payments to employees upon their retirement in France and Poland.

We also operate several unfunded pension arrangements in respect of our German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

Insurance

We have insurance policies in place that cover liability for public and product liability, death or injury to employees and damage to property, including buildings, plant, machinery and stock. We also have insurance coverage for business interruption.

We work closely with our insurance brokers to ensure that we are adequately protected and to minimize the risk of any loss. Our insurance, however, does not cover every potential risk associated with our business. We do not carry freight insurance for our products because of the large volumes of products transported and the relatively small monetary loss that could result from any given incident.

The Company maintains a directors and officers insurance policy covering claims that would be made against directors and officers of the Company and its subsidiaries in relation to their functions. The Company has entered into indemnification agreements with its directors supplementing this policy.

Information Technology and Data

Our IT & Data team is strategically geared towards transforming both technology and data to achieve competitive advantage. To achieve this, we created a unified enterprise resource planning (ERP) system, primarily operated on a SAP ECC platform. Additionally, we have entered into strategic partnerships with Stefanini and Inetum to ensure seamless support and hosting of this critical infrastructure. Furthermore, we initiated a comprehensive program to upgrade our SAP ECC platform to the advanced SAP S/4 RISE, positioning ourselves for future growth.

To enhance productivity and collaboration, we leverage a robust "Digital Workplace" for our employees, consisting of a suite of licensed products as well as secured authentication services, ensuring efficient and secure operations.

Our IT & Data team is strategically organized into two core components: Cluster IT and Group IT & Data. Cluster IT focuses on operational excellence with dedicated teams for Europe and North America. Meanwhile, the Group IT & Data team addresses six key areas:

- Business transformation initiatives;
- Management of business applications;
- Development and support of home delivery and home-care applications;

- Delivery of data services;
- Oversight of outsourced infrastructure services; and
- Ensuring information security across the organization.

In response to the growing threat of cyberattacks and their potential implications, we are committed to enhancing our cybersecurity defences. This involves deploying a comprehensive array of technical measures and fostering a culture of security awareness throughout our community via our cybersecurity training programs.

Our commitment to high standards is evidenced by our numerous certifications, including ISO 27001:2022, CE+, PCI/DSS (4.0), HSCN Consumer, ISBN 129, ISBM 160, ISO 22301:209, ISO 31000:2018, SAF, and NIST (1&2). In addition to these global credentials, we maintain country-specific certifications to adhere to local laws and customer requirements. Notably, over the past five years, we have successfully avoided any material cyberattacks or data breaches.

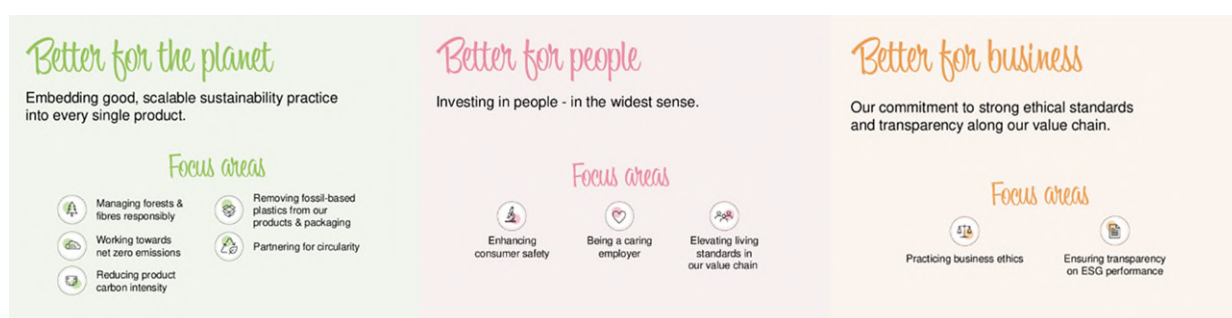
Environmental, Social and Governance

Sustainability

As a leading supplier of affordable personal hygiene products, we believe that sustainable business practices contribute to genuine business success, and we strive to create a sustainable and socially responsible business that will continue to serve customers well for generations to come.

To achieve this, we set ourselves medium- and long-term goals focused on: adopting the latest innovations to reduce our environmental impact, improving our commitment to employee safety and success, and acting as a catalyst for sustainability in the communities in which we operate. We are working towards the goal of achieving net zero emissions. By 2030, we aim to reduce our scope 1 and 2 emissions across our operations by 80% compared to the 2020 baseline. By the end 2024 we achieved a reduction of 55%. Additionally, we take the safety of our employees at heart, striving to reduce the number of accidents year after year to eventually reach a zero-harm workplace. In 2024, we further reduced our accident frequency rate to 3.20, compared to 3.52 in 2023. Finally, we are committed to minimizing the environmental impact of our packaging, and set ourselves the goal of deploying at least 30% plastic bags from recycled plastic across our operations by 2025. In 2024, recycled plastic bags accounted for 29% of our total.

Our sustainability strategy is based on three key pillars, within which we identified the following ten key focus areas:



For each of these focus areas we developed goals and regularly track our progress. Our sustainability efforts have been certified by different external ESG raters such as:

- *Carbon Disclosure Project Climate (CDP)*: from which we received an A rating for leadership in corporate transparency and performance on climate change in 2024;

- *EcoVadis*: from which we were assigned a Gold Medal, placing us in the top 5% of all companies assessed worldwide.

In addition, we transparently communicate our sustainability progress in the annual report, including strategy, goals & performance.

Health and Safety

As stated in our Corporate Sustainability Policy, we are dedicated to maintaining the highest standards of workplace safety and health. Our goal is to achieve zero accidents and occupational diseases by proactively reporting near-misses and ensuring facility and equipment maintenance for the safety of employees, contractors, and visitors. Our “Power of Zero” vision aims to sustain zero incidents and ensure compliance with safety regulations. Safety is a core value, extending beyond the workplace to our homes and communities.

Legal compliance underpins our health and safety framework, aligning with global, regional, and local regulations. We prioritize hazard identification and risk reduction through standardized health and safety procedures, collective and individual protective measures. Continuous monitoring of performance indicators at our plants facilitates ongoing safety improvements through data sharing and benchmarking.

We enhance our safety culture by evaluating processes, learning from incidents, and implementing corrective actions. Programs such as “Peer to Peer observation” help correct unsafe behaviors, and investments in risk assessments improve safety. Training programs raise safety awareness, while employee engagement in safety programs through communication and recognition ensures protocol adherence, contributing to a safer work environment.

Material Disposal Contracts

Disposal of our Brazilian operations

On September 30, 2024, we entered into a binding commitment to sell our Brazilian business activities to Softys S.A. for an enterprise value of BRL 671 million (at the time of the agreement, equal to approximately €110 million). The sale relates to our baby care and adult care business in Brazil and our manufacturing facility in Senador Canedo in the State of Goiás. We expect the transaction to be completed in the first half of 2025. The business develops, manufactures, commercializes and distributes diapers and pants for the baby care market under the PomPom, Cremer, Sapeka and Turma da Mônica brands, as well as for the adult care market under the Bigfrol brand. The Brazilian operations generated 60% of our total €306.9 million Emerging Markets sales (which have been classified as discontinued operations) in the year ended December 31, 2024.

The disposal of our Brazilian operations is subject to customary closing conditions, including the approval by the Brazilian regulatory authorities, which was granted in the first half of March, 2025. We currently expect the closing of the transaction to occur in the first half of 2025. The cash expected to be received in 2025 in connection with the transaction, before hedging costs and working capital adjustments, will be approximately €85.0 million. We further estimate that the total net proceeds from the transaction, before hedging costs and working capital adjustments, will be approximately €82 million, as follows: in 2024 an upfront transaction cost of €21 million was paid; in 2025, net cash of approximately €85 million is expected to be received; €18 million of the proceeds will be held in escrow at the closing date and paid at a later date.

Actual amounts may be different from estimated amounts and no assurances can be given that we will be able to close the disposal of our Brazilian operations by the end of the first half of 2025 or at all. See also “Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date.

However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.”

Disposal of our Turkish operations

On February 5, 2025, we announced that we entered into a binding commitment to sell our Turkish operations to Dilek Grup, including the relevant export business and the Istanbul plant. The Turkish subsidiary manufactures, commercializes and distributes mainly own-brand products in Turkey and the surrounding region. The Turkish operations generated approximately 30% of our total €306.9 million Emerging Markets sales (which have been classified as discontinued operations) in the year ended December 31, 2024.

As of the date of this Offering Memorandum, we expect that the transaction will close during the third quarter of 2025, subject to approval by the Turkish competition authority and customary closing conditions. We estimate that the disposal of our Brazilian and Turkish businesses will generate net cash proceeds of approximately €100 million in 2025.

Legal Proceedings

We are subject to legal, administrative or regulatory proceedings in the ordinary course of our business. Other than the investigations described below, we believe that none of the legal, administrative or regulatory proceedings pending against us or with which we are threatened, individually or collectively, will have a material adverse effect on the Group.

Provisions for legal claims amounted to €6.8 million as of December 31, 2024.

In October 2021, COFECE, the Mexican antitrust authority, announced its decision following its investigation into certain legacy practices in the personal hygiene industry in Mexico. In this decision, COFECE confirmed that Grupo PI Mabe, S.A. de C.V. (“Mabe”) and certain individuals had committed antitrust violations in periods prior to the acquisition of Mabe by Ontex. Mabe recently won an appeal on grounds of unconstitutionality of the fines imposed and is awaiting a new COFECE resolution expected during the first quarter of 2025. Under the purchase agreement for its acquisition of Mabe in 2016, Ontex received a full indemnity for all resulting fines and legal fees from the selling shareholders of Mabe. In May 2023, Ontex completed the divestiture of Mabe to Softys, S.A. As part of such divestiture, Ontex granted a back-to-back indemnity to Softys. Based on the back-to-back indemnity arrangements that are in place, the Group does not expect these proceedings to result in a net financial cost to it.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision, the CNMC has found eight companies, including Ontex's Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, the CNMC issued an administrative fine of €5.2 million to Ontex. All companies, including Ontex, filed appeals with the National Court, and, following the rejection of the appeals by the National Court, with the Spanish Supreme Court. On July 6, 2023, the Supreme Court has rejected Ontex's appeal, rendering the CNMC decision and related administrative fine final. As per December 31, 2016, a provision amounting to €5.2 million has been accounted for, which has not been adjusted up till December 31, 2024. During February 2025, Ontex has received a formal request for payment of the administrative fine corresponding to the provisioned amount.

In 2018, the State of Goiás issued a decree requiring Falcon Distribuição Armazenamento e Transportes S/A (Falcon) to pay a contribution to the Social Protection Fund of the State of Goiás (Protege) in order to

further benefit from a previously granted tax incentive under a Special Regime Agreement Term (TARE). As this condition was not provided for in the TARE, Falcon challenged this in court. In 2023, the court of first instance issued a favourable decision, against which the State of Goiás filed an appeal. On November 19, 2024, this appeal was rejected by the court in second instance. The State of Goiás can now still file an appeal to the superior court.

See *“Risk Factors—We are subject to certain competition and antitrust laws”* and *“Risk Factors—We are subject to risks from legal and arbitration proceedings, which could adversely affect our results of operations and financial condition.”*

MANAGEMENT

The Issuer

The Issuer is a limited liability company (*naamloze vennootschap/société anonyme*) organized under the laws of Belgium. Set forth below is certain information with respect to the individuals who serve as directors on the board of directors of the Issuer (the “**Board of Directors**”) and members of the Issuer's Executive Committee as of the date hereof.

Directors

Name	Year of birth	Title
ViaBylity BV, permanently represented by Hans Van Bylen	1961	Chair of the Board and Independent Director
Ebrahim Attarzadeh	1977	Non-Executive Director
Inge Boets BV, permanently represented by Inge Boets.....	1962	Independent Director
Michael Bredael	1980	Non-Executive Director
Isabel Hochgesand	1969	Independent Director
HVV GmbH, permanently represented by Jesper Hojer.....	1978	Non-Executive Director
MJA Consulting BV, permanently represented by Manon Janssen.....	1961	Independent Director
Rodney Olsen	1955	Non-Executive Director

The Directors of the Issuer can be reached at the following address: Korte Kepestraat 21, 9320 Erembodegem (Aalst), Belgium.

Hans van Bylen, Chair of the Board and Independent Director. On May 3, 2024, ViaBylity BV, with Hans Van Bylen as permanent representative, was re-appointed as Independent Director. Mr. Van Bylen serves as Chair of the Board of Directors, as well as of the Company's Remuneration and Nomination Committee. Mr. Van Bylen, formerly CEO of Henkel, brings to Ontex his deep knowledge of the industrial and consumer goods sector and wide breadth of experience spanning the FMCG industry, retailer brand space, manufacturing and supply chain, digitalization, sustainability and leadership development. Mr. Van Bylen previously served on the boards of GfK, Ecolab, the Consumer Goods Forum and the Alliance to End Plastic Waste and has been President of the German Chemical Industry Association (VCI). Moreover, he has also been member of the European Round Table of Industry (ERT). Mr. Van Bylen holds a Master of Business Economics and an MBA from Antwerp Universities RUCA and UFSIA and certificates from executive education courses at Harvard Business School, INSEAD and IMD. In addition, Mr. Van Bylen is also a board member at Etex, Lanxess and AkzoNobel.

Ebrahim Attarzadeh, Non-Executive Director. Ebrahim Attarzadeh was appointed as a Non-Executive Director upon nomination by ENA Investment Capital LLC on May 5, 2022. Mr. Attarzadeh has more than 20 years of experience in investment banking and asset management, including in capital markets. Prior to joining the Group, he served as CEO of Mainfirst Bank AG, a financial institution, from 2011 until 2014, and as CEO and Head of Equities of Stifel Europe Bank AG from 2014 to the end of 2021. Previously, Mr. Attarzadeh held other positions at Deutsche Bank and Arthur Andersen. Mr. Attarzadeh is the Co-Founder and Chairman of Callirius AG, a sustainability-focused finance company and currently acts as a CEO of a Swiss Family Office in Switzerland.

Inge Boets, Independent Director. Inge Boets BV, with Ms. Boets as its permanent representative, was appointed as Independent Director of the Company as of June 30, 2014. Ms. Boets currently chairs the Audit and Risk Committee. She holds a master's degree in applied economics from the University of Antwerp, Belgium. She was a partner with Ernst & Young from 1996 through 2011 where she was the Global Risk leader and held several other roles in audit and advisory. Currently, Ms. Boets is also an independent director and chair of the board at QRF City retail, chair of the board at Econopolis Wealth Management NV, independent director at Econoholding and independent director and chair of the Finance and Audit Committee at ECS Logistics Group NV. In addition, Inge Boets BV, with Ms. Boets as its permanent representative, is the owner and manager of La Scoperta BV.

Michael Bredael, Non-Executive Director. On May 24, 2017, Michael Bredael was appointed as Non-Executive Director of the Company, upon nomination by Groupe Bruxelles Lambert (GBL). Prior to joining the Company, Mr. Bredael served as Investment Director at Groupe Bruxelles Lambert (GBL) since 2016. He started his career at Towers Watson in 2003 as a consultant in the United States (Atlanta and New York) before joining the BNP Paribas Group in 2007. Mr. Bredael held various Investment Banking positions at BNP Paribas, across different offices (New York, Paris, Brussels and London), particularly focusing on cross-border M&A transactions. From 2014 to 2016, he was Head of the M&A Execution Group of BNP Paribas London. Mr. Bredael holds a master's degree in applied economics from EHSAL (KU Leuven). He is Director of Upfield Group BV, Canyon Bicycles GmbH and Affidea, as a representative of Groupe Bruxelles Lambert.

Isabel Hochgesand, Independent Director. Isabel Hochgesand was appointed as an Independent Director of the Company on May 25, 2021. Mrs. Hochgesand is an executive with extensive international experience in procurement, supply chain, and marketing of consumer goods, including in the personal hygiene sector. Mrs. Hochgesand is currently Chief Procurement and Hazelnut Company Officer at Ferrero. Previously, Mrs. Hochgesand was Chief Procurement Officer at Beiersdorf AG and held multiple senior roles in various countries worldwide at Procter & Gamble, most of her 25 years of tenure in the personal hygiene sector. Mrs. Hochgesand also served as Managing Director for Supply Chain for Procter & Gamble in Germany, Austria and Switzerland for all of the group's brands. Mrs. Hochgesand serves on the advisory boards of World Procurement Leaders and Matilda AG.

Jesper Hojer, Non-Executive Director. Mr. Jesper Hojer was appointed as a Non-executive Director of the Company on May 25, 2021. Mr. Hojer has vast experience in the consumer goods and retail sectors, as well as with the creation and implementation of digital solutions in the retail sector, and has a broad international outlook. Previously, he served as CEO of Lidl International, one of the largest international chains of grocery stores. Currently, Mr. Hojer is a senior advisor at McKinsey & Company Inc., and serves as chair of the boards of director of Tom&Co, Aera Payment & Identification, Oda en Mat smart – Motatos.

Manon Janssen, Independent Director. Manon Janssen is an executive with extensive experience in the fields of general management, strategy, leadership, sustainability and professional services, in both the private and public sector. On May 25, 2021, MJA Consulting BV, permanently represented by Mrs. Janssen was appointed as an Independent Director. She began her career at Procter & Gamble where she worked for 16 years in different countries and where she was responsible for leading major brands in the Paper and Health & Beauty Care divisions. In 2000, she became vice president of marketing & innovation at Electrolux Home Products Europe and in 2005 she became chief marketing officer at Philips Lighting. Mrs. Janssen currently serves as CEO and chair of the board of management of Ecorys, an international research and advisory company addressing societal challenges in public policy. In addition, she advises the Dutch and Belgian governments as well as private companies in the field of sustainability, the energy transition and climate change. She is also a director at Gimv and Puratos.

Rodney Olsen, Non-Executive Director. Mr. Rodney G. Olsen is an experienced international finance executive within the FMCG sector. On May 25, 2021, Mr. Olsen was appointed as a Non-executive Director. He is a former CFO of Kimberly Clark's APAC division, and prior to that he held various senior

roles at Kimberly-Clark, including CFO International, CFO Global Finance Operations and CFO of the EMEA region and was responsible for large international M&A transactions. Prior to joining Kimberly-Clark, he was senior manager Audit at EY, and senior manager SEC Reporting at the LTV Corporation.

Executive Committee

The Issuer's Executive Committee is composed of the CEO, the CFO and the other members set forth in the table below.

Name	Year of birth	Principal function within Executive Committee
Gustavo Calvo Paz	1961	Chief Executive Officer
Chilibri BV, permanently represented by Geert Peeters.....	1973	Chief Financial Officer
Annick De Poorter.....	1970	Chief Innovation and Sustainability Officer
Jonas Deroo.....	1969	Chief HR and Legal Officer and Secretary General
Émage Europe SRL, permanently represented by Laurent Nielly ...	1967	President of the Europe Division
Marco Querzoli.....	1960	Chief Supply Chain Officer
Paul Wood	1972	President North-America division

All members of the Executive Committee undertake their roles from the headquarters of the Issuer in Erembodegem (Aalst), Belgium.

Gustavo Calvo Paz, Chief Executive Officer. Gustavo Calvo Paz has vast international experience as an industry executive with an extensive background in operations, business turnarounds, and strategy within the FMCG sector. The Board of Directors of the Company appointed Mr. Calvo Paz as Chief Executive Officer with effect from November 14, 2022. Prior to his appointment as CEO, Mr. Calvo Paz was a member of the Board of Directors since May 25, 2021. He previously was the president of Kimberly Clark's EMEA division, and was an executive member of Kimberly Clark's Global Leadership Team. Prior to that, he held various senior roles at Kimberly Clark.

Geert Peeters, Chief Financial Officer. Geert Peeters brings relevant experience in the domains of business transformation in a retail environment and operational and cash efficiency. The Board of Directors appointed Mr. Peeters as Chief Financial Officer, with effect from December 1, 2023. Before joining the Company, Mr. Peeters was Group CFO at Greenyard. He built up extensive experience through finance director roles at companies such as Metallo Group (currently Aurubis) and management consultancies such as PriceWaterhouseCoopers.

Annick De Poorter, Chief Innovation and Sustainability Officer. Annick De Poorter joined the Ontex group in 2003 as the R&D Manager of Feminine Hygiene, was promoted to R&D and Quality Director in January 2009 and was promoted to Chief Innovation and Sustainability Officer in January 2009. Before joining the Group, she worked at Libeltex NV in Belgium, and prior to that, she was a Scientific Researcher at University of Ghent, Belgium. Mrs. De Poorter holds a master's degree in Civil Engineering in Textiles from the University of Ghent, Belgium.

Jonas Deroo, Chief HR and Legal Officer and Secretary General. Jonas Deroo joined the Ontex group in April 2015. Mr. Deroo holds a law degree of the University of Ghent, Belgium and a Master of Laws degree

from Harvard University, US. Prior to joining the Group, Mr. Deroo was Associate General Counsel at Bpost, the Belgian postal operator. He started his career as an attorney at the Brussels Bar.

Laurent Nielly, President Europe Division. Laurent Nielly joined the Ontex group in July 2017 to lead the then acquired business in Brazil, and was appointed as President of the Europe division in January 2021. His scope was expanded in July 2021 after the combination of Retail and Healthcare Divisions. Mr. Nielly is bringing more than 25 years of experience earned in Europe, the U.S. and Latin America and across companies such as P&G, McKinsey & Company, PepsiCo and Coty. He started his professional career in finance and strategy and developed expertise in innovation and commercial excellence before taking P&L responsibilities.

Marco Querzoli, Chief Supply Chain Officer. Marco Querzoli joined the Executive Committee of the Company in the role of Chief Supply Chain Officer in August 2023. Mr. Querzoli has extensive expertise in supply chain and procurement matters and has experience leading large multinational teams. Mr. Querzoli holds a Chemistry degree from the University of Turin in Italy. Prior to joining the Company, Mr. Querzoli held various senior roles at Kimberly Clark and Scott Paper Company, including a tenure of nine years as Vice President Product Supply for the EMEA region at Kimberly Clark.

Paul Wood, President North America division. Paul Wood joined the Executive Committee of the Company in the new role of President North America on April 1, 2023. Mr. Wood brings considerable experience of general management and commercial leadership having worked for several large fast-moving consumer goods companies including Frito Lay, Heinz, Samsung and as chief commercial officer for Church & Dwight. Mr. Wood holds an undergraduate degree from the University of Texas and a masters degree from Webster University.

Board Committees

The Board of Directors has established two Board committees which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit and Risk Committee (in accordance with Article 7:99 of the Belgian Companies and Associations Code and Provision 5.2 of the Corporate Governance Charter) and the Remuneration and Nomination Committee (in accordance with Article 7:100 of the Belgian Companies and Associations Code and Provision 5.3 of the Corporate Governance Charter). The terms of reference of these Board committees are primarily set out in the Corporate Governance Charter. The former Strategy Committee was dissolved at the end of 2022.

Audit and Risk Committee

The Audit and Risk Committee advises the Board of Directors on accounting, audit and internal control matters, and shall, in particular:

- monitor the financial reporting process and make recommendations or proposals to ensure the integrity of the process;
- review accounting policies and conventions;
- review the draft annual accounts and examine the proposed distribution of earnings and profits;
- review the quality of financial information furnished to the shareholders and the market;
- assess, review and prepare the decision-making of the Board of Directors in relation to environmental, social and corporate governance (“ESG”) actions and practices presenting new opportunities for the Company;
- monitor and oversee the process for the development of ESG information and identify ways to integrate ESG information into the reporting cycle;

- measure and monitor the Company's performance on ESG matters and their impact on society in order to take account of the multidimensional nature of corporate social responsibility;
- monitor and oversee the efficacy of the internal audit process, internal controls and risk management and risk management processes, including for the Company and its subsidiaries as a whole;
- propose candidates for the position of statutory auditor to be appointed by the Shareholders' Meeting. The Audit and Risk Committee makes recommendations to the Board of Directors regarding the appointment or resignation of the statutory auditor, as well as his remuneration and other terms of appointment. The Audit and Risk Committee is responsible for compliance with the selection procedures imposed by law;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the statutory auditor;
- review the external audit process and review and monitor the independence of the statutory auditor. The statutory auditor annually confirms his independence from the Company to the Audit and Risk Committee. More specifically, the Audit and Risk Committee analyzes with the statutory auditor the threats to his independence and the security measures taken to reduce these threats when the total fees exceed the criteria set out in Article 4, § 3 of Regulation (EU) No 537/2014;
- the Audit and Risk Committee also oversees the nature and extent of non-audit services of the statutory auditor and the persons with whom the statutory auditor has concluded an employment contract, with whom he is professionally in a cooperative relationship, the members of the network to which the statutory auditor belongs and the companies or persons associated with the statutory auditor. The Audit and Risk Committee has issued guidelines in accordance with the in Article 3:63, §4 of the Belgian Companies and Associations Code mentioned non-audit services. For this purpose, reference can be made to the 'non-audit services policy', which has been in operation since January 1, 2017. The statutory auditor reports annually all additional services for the Company to the Audit and Risk committee;
- agree on arrangements whereby staff may inform the chair of the Audit and Risk committee directly;
- report regularly on the exercise of its duties to the Board of Directors, and at least when the Board of Directors prepares the financial statements, consolidated financial statements and, if applicable, the trading updates to be published; and
- notify the Board of Directors of the outcome of the statutory audit of the statutory and consolidated financial statements and explain to the Board of Directors how the statutory audit of the financial statements contributed to the integrity of the financial reporting and which role the Audit and Risk committee played in that process.

The Audit and Risk Committee consists of at least three members, all being non-executive directors and a majority of them being independent directors. The members of the Audit and Risk Committee have collective expertise in relation to the activities of the Company. The chair and members of the Audit and Risk Committee collectively have the required skills and expertise regarding accounting and audit matters.

The chair of the Audit and Risk Committee is designated by the members of the Audit and Risk Committee but shall not be the Chair of the Board of Directors.

The Audit and Risk Committee currently consists of the following members: Inge Boets BV, permanently represented by Inge Boets (chair), ViaBylity BV, permanently represented by Hans Van Bylen, Michael Bredael and Rodney Olsen.

The Audit and Risk Committee will meet sufficiently in advance of the meetings of the Board of Directors so as to allow the members of the Audit and Risk Committee to make sound recommendations to the Board of Directors. It meets at least four times a year.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors, the CEO and the other members of the Executive Committee and shall, in particular:

- identify, recommend and nominate, for the approval by the Board of Directors, candidates to fill vacancies on the Board of Directors, the Executive Committee and executive management positions as they arise. In this respect, the Remuneration and Nomination Committee shall consider and advise on proposals made by relevant parties, including management and shareholders;
- advise the Board of Directors on any proposal for the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Executive Committee;
- draft appointment procedures and objective selection criteria for members of the Board of Directors, the CEO and the other members of the Executive Committee;
- ensure that the appointment and re-election process is organized objectively and professionally;
- periodically assess the size and composition of the Board of Directors and the Executive Committee and make recommendations to the Board of Directors with regard to any changes;
- prepare plans for the orderly succession of directors;
- ensure that sufficient and regular attention is paid to the succession of the CEO, the other members of the Executive Committee and other executive management positions;
- ensure that appropriate talent development programs and programs to promote diversity in leadership are in place;
- make proposals to the Board of Directors on the remuneration policy for the non-executive directors and the CEO, and, upon proposal by the CEO, for the other members of the Executive Committee, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- make proposals to the Board of Directors on the individual remuneration of non-executive directors and the CEO, and, upon proposal by the CEO, the remuneration of the other members of the Executive Committee, including in the form of variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- establish performance targets and conduct performance reviews for the CEO and the other members of the Executive Committee and make proposals to the Board of Directors on the annual review of the performance of the members of the Executive Committee and on the realization of the Company's strategy against agreed performance measures and targets;
- submit a remuneration report to the Board of Directors for approval;
- provide explanations on the remuneration report during the annual Shareholders' Meeting; and
- report regularly on the exercise of its duties to the Board of Directors.

The Remuneration and Nomination Committee consists of at least three members, all being non-executive directors and a majority of them being independent directors. The members Remuneration and Nomination Committee collectively have the necessary expertise in the field of remuneration.

The chair of the Remuneration and Nomination Committee is designated by the Board of Directors and shall be either the Chair of the Board of Directors or another non-executive director.

The Remuneration and Nomination Committee currently consists of the following members: ViaBylity BV, permanently represented by Hans Van Bylen (chair), Ebrahim Attarzadeh, Isabel Hochgesand, HVV GmbH, permanently represented by Jesper Hojer and MJA Consulting BV, permanently represented by Manon Janssen.

The Remuneration and Nomination Committee will meet sufficiently in advance of the meetings of the Board of Directors so as to allow its members to make sound recommendations to the Board of Directors. It meets at least twice a year.

Remuneration of Directors

The General Meeting determines the remuneration of directors, which is borne by the Company and is set out in the Company's Remuneration Policy, approved by annual shareholders' meeting of May 3, 2024. The remuneration of the non-executive members of the Board of Directors is as follows:

	Fixed Fee	Attendance Fee
Non-Executive Director	€60,000	€2,500
Board Chairperson	€140,000	€2,500
Committee Chairperson	€10,000	€2,500
Committee Member	—	€2,500

CEO and Other Members of the Executive Committee

Remuneration for the Year ended December 31, 2024

For the year ended December 31, 2024, total remuneration of €1,667,298 million was paid to Gustavo Calvo Paz, CEO of the Group for the period from January 1, 2024 to December 31, 2024. This remuneration is comprised of the following elements:

	Fixed remuneration		Variable remuneration		Extraordinary Items	Pension Expense	Total Remuneration
	Base salary	Other benefits	One-year variable	Multi-year variable			
Gustavo Calvo Paz.....	€900,000	€87,978	€491,400	-	-	€187,920	€1,667,298

For the year ended December 31, 2024, total remuneration of €4,814,289 million was paid to the other members of the Executive Committee. This remuneration was comprised of the following elements:

	Fixed remuneration		Variable remuneration		Extraordinary Items	Pension Expense	Total Remuneration
	Base salary	Other benefits	One-year variable	Multi-year variable			
Other members of the Executive Committee	€2,885,286	€569,644	€837,303	€167,804	-	€354,252	€4,814,289

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

The registered, paid-up capital of the Company amounts to €823,587,466.38 and is represented by 82,347,218 shares, without nominal value (the “**Shares**”). All of the Shares have the same voting rights except that voting rights are suspended when such Shares are held by the Company as treasury shares. The Shares are listed on Euronext Brussels.

The following table presents the beneficial ownership of the Shares of the Company as of the most recent notifications by each significant shareholder as required by law.

	Shares Owned	
	Number	%
Groupe Bruxelles Lambert	16,454,453	19.98
ENA Investment Capital LLC	12,411,999	15.07
The Pamajugo Irrevocable Trust.....	2,722,221	3.64
Mr. Joannes G.H.M. Niessen and Mont Cervin SARL	2,517,540	3.06
BPCE SA, Natixis SA, Natixis Investment Managers, NIM Participations 3 and DNCA Finance	2,491,966	3.03
Public	45,749,039	55.02
Total	82,347,218	100.00

As of December 31, 2024, it is assumed that the shareholding of these entities remained within their declaration threshold brackets, i.e. 15% to 20% for Group Bruxelles Lambert and ENA Investment Capital LLC, and 3% to 5% for the other three shareholders, with the remaining shares being free float. To the knowledge of the Company, no shareholders' agreements are currently in place.

Related party transactions

As part of our business, we have entered into several transactions with related parties, including our subsidiaries and management. The following is a summary of our most significant transactions with related parties for the year ended December 31, 2024 and as of the date hereof. For further detail on related party transactions, see Note FIN 4.31 to our audited consolidated financial statements contained elsewhere in this Offering Memorandum. See also “*Management—The Issuer—Executive Committee.*”

Share buyback program

On November 25, 2024 we announced the launch of a share buyback program to acquire a maximum of 1.5 million shares, representing 1.8% of our share capital outstanding. The shares so acquired will contribute to our obligations under our current and future long-term incentive plans. The buyback program started on December 1, 2024, and is expected to end on June 30, 2025.

As of March 20, 2025, we repurchased 1.1 million shares, equal to 1.4% of our share capital outstanding.

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following respective summaries and not otherwise defined in this Offering Memorandum have the meanings ascribed to them in their respective agreements.

Existing 2026 Notes

In July 2021, the Issuer issued €580,000,000 aggregate principal amount of 3.50% senior notes due 2026 (the “**Existing 2026 Notes**”).

The Existing 2026 Notes will mature on July 15, 2026. Interest on the Existing 2026 Notes is paid semi-annually in arrears on January 15 and July 15 each year. The Existing 2026 Notes are unsecured and are guaranteed on a senior unsecured basis by certain subsidiaries of the Issuer.

The Issuer may redeem all or part of the Existing 2026 Notes, at its option, at any time or from time to time, from July 15, 2025 (the “**July 2025 Par Call Date**”) until the maturity date of the Existing 2026 Notes, at an amount equal to the principal amount of the Existing 2026 Notes plus accrued and unpaid interest up to the date of redemption.

The Existing 2026 Notes are subject to redemption upon the occurrence of customary events of default, which are subject to customary materiality qualifications and grace periods. In the event of a change of control of the Issuer, each noteholder will have the right to request that the Issuer redeem its Existing 2026 Notes at their principal amount plus any accrued and unpaid interest thereto.

The indenture governing the Existing 2026 Notes, limits, among other things, our ability and the ability of Restricted Subsidiaries (as defined therein) to (i) incur or guarantee additional indebtedness or issue preferred shares, subject to incurrence-based tests; (ii) make certain investments or other restricted payments; (iii) create liens; (iv) sell assets and certain subsidiary stock; (v) pay dividends or make other distributions or repurchase or redeem capital stock or subordinated debt; (vi) engage in certain transactions with affiliates; (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (viii) engage in mergers or consolidations.

The Existing 2026 Notes are governed by the laws of New York and are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof.

The proceeds of the Notes, together with cash at hand, will be used to repurchase up to €400,000,000 aggregate principal amount of outstanding Existing 2026 Notes validly tendered pursuant to the Tender Offer, and pay related accrued interest, fees and expenses associated with the Tender Offer and the Offering. The Tender Offer is conditioned upon, among other things, the completion of the Offering; however closing of the Offering is not conditioned on the consummation of the Tender Offer at any minimum level of acceptance. If we purchase less than the €400,000,000 aggregate principal amount of the Existing 2026 Notes, we intend to deposit on the Issue Date any remaining gross cash proceeds from the Offering into an interest-bearing euro denominated segregated account (the “**Segregated Account**”) opened for this purpose. We currently intend to use the proceeds credited into the Segregated Account, together with the expected cash in connection with the disposal of our Brazilian operations and cash at hand, to redeem and/or satisfy and discharge, as applicable, the remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. See “*Summary—The Transactions*” and “*Summary—Recent Developments—Disposal of our Brazilian operations*” and “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions— We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and*”

discharge of the Existing 2026 Notes by such time and on terms currently anticipated.” This Offering Memorandum does not constitute a not constitute an offer to purchase or a solicitation of an offer to tender or sell the Existing 2026 Notes nor a notice of redemption or satisfaction and discharge. Any such notice will be given in accordance with the terms of the indenture governing the Existing 2026 Notes. While we intend to redeem and/or satisfy and discharge any remaining amount of the Existing 2026 Notes on or prior to the July 2025 Par Call Date, no assurances can be given that we will redeem and/or satisfy and discharge the Existing 2026 Notes by such date. See “Summary—The Transactions,” “Use of Proceeds” and “Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions— We intend to redeem and/or satisfy and discharge any remaining Existing 2026 Notes on or prior to the July 2025 Par Call Date. However, no assurances can be given to prospective investors that we will be able to complete any such redemption and/or satisfaction and discharge of the Existing 2026 Notes by such time and on terms currently anticipated.”

Revolving Credit Facility Agreement

Overview and Structure

On November 27, 2024 the Issuer entered into the Revolving Credit Facility Agreement with, among others, KBC Bank NV as bookrunner, the financial institutions named therein as mandated lead arrangers, lead arrangers, arrangers and original lenders and KBC Bank NV as agent (the “**Senior Agent**”). Certain of the Issuer’s subsidiaries are also party to the Revolving Credit Facility Agreement as guarantors. The Revolving Credit Facility Agreement provides for a €270 million senior multi-currency revolving credit facility (the “**Revolving Credit Facility**”).

The Revolving Credit Facility may be utilized by certain members of the Group (as defined in the Revolving Credit Facility Agreement) in euros, US Dollars and certain other currencies readily available and freely convertible into euro in the European interbank market (subject to obtaining the consent of all the Revolving Credit Facility lenders participating in the relevant utilization and risk-free interest rate terms being in place for that currency) by the drawing of cash advances, the issue of letters of credit and ancillary facilities. The Revolving Credit Facility may be used (i) to refinance existing financial indebtedness of the Group and to pay breakage costs, redemption and/or prepayment premia (however described), accrued but unpaid interest and other fees, costs and expenses payable in connection with such refinancing (including in respect of the termination of any hedging arrangements in relation to such existing financial indebtedness), (ii) for its general corporate purposes, (iii) to finance the working capital requirements of the Group and (iv) to finance any permitted acquisitions.

In addition to the Revolving Credit Facility, the Revolving Credit Facility Agreement includes the ability to incur one or more uncommitted additional revolving facilities (each an “**Additional Facility**”) subject to:

- there being no event of default continuing at the time of the request and no event of default would arise as a result of such Additional Facility; and
- the ratio of Consolidated Total Net Debt to Consolidated EBITDA, pro forma for all established Additional Facilities (and, to the extent applied toward the financing of any permitted acquisition, assuming a full drawdown of all amounts available under such Additional Facility), is less than or equal to the applicable ratio of Consolidated Total Net Debt to Consolidated EBITDA (each as defined in the Revolving Credit Facility Agreement).

Availability

The Revolving Credit Facility may be utilized from and including the date of the Revolving Credit Facility Agreement to and including the business day one month prior to the termination date of the Revolving Credit Facility.

Interest and Fees

Loans under the Revolving Credit Facility Agreement will initially bear interest at rates per annum equal to EURIBOR (for drawing denominated in euros) or Term SOFR (for drawing denominated in U.S. Dollars) and the margin of 1.60% *per annum* in respect of loans under the Revolving Credit Facility, subject to a margin ratchet based on the ratio of Consolidated Total Net Debt to Consolidated EBITDA (each as defined in the Revolving Credit Facility Agreement), which may result in the total rate of interest increasing or decreasing (as the case may be) depending on that ratio. If EURIBOR or Term SOFR is less than zero, EURIBOR or Term SOFR shall be deemed zero in respect of the Revolving Credit Facility. A currency premium of 0.15% per annum applies for any drawing denominated in U.S. Dollars.

The Issuer is also generally required to pay certain other fees under the Revolving Credit Facility, including commitment, utilization and other fees. A commitment fee will be payable on the aggregate undrawn and uncanceled amount (in euro) of the Revolving Credit Facility from the date of the Revolving Credit Facility Agreement to the end of the availability period applicable to the Revolving Credit Facility at a rate of 35% *per annum* of the applicable margin for the Revolving Credit Facility. Commitment fees will be payable quarterly in arrear during the availability period applicable to the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which the relevant lender cancels its commitment. Utilization fees are payable on drawn amounts at a per annum rate ranging from 0.10% to 0.40% according to the percentage of the Revolving Credit Facility which is utilized.

Default interest will be calculated as an additional 1% on the defaulted amount.

Repayments

In respect of the Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto, subject to an ability to roll over maturing Revolving Credit Facility loans. All outstanding amounts under the Revolving Credit Facility will be repaid on the initial termination date, as may be extended in accordance with the below.

Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

The initial termination date for the Revolving Credit Facility is the date falling 5 years after the date of the Revolving Credit Facility Agreement provided that, if the 2026 Senior Notes remain outstanding on 15 November 2025, the termination date in relation to the Revolving Credit Facility shall be 23 December 2025.

Mandatory Prepayment

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts).

The Revolving Credit Facility Agreement provides that, following a change of control, disposal of all or substantially all the business of the Group or de-listing, a Revolving Credit Facility lender may require a prepayment in full of its participation in the outstanding Revolving Credit Facility loans.

Under the terms of the Revolving Credit Facility Agreement, the Issuer is required (i) to submit the change of control provision at its next general meeting of shareholders for approval by its shareholders and (ii) to provide evidence of filing of such approval with the clerk of the competent enterprise court by no later than June 30, 2025. Failure by the Issuer to satisfy the above requirements would constitute a breach under the Revolving Credit Facility Agreement, respectively, and subject to the notice delivery requirements and respective grace periods, constitute an event of default under the Revolving Credit Facility Agreement. See “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—The right of holders to have their Notes repurchased upon the occurrence of a change of control is subject to approval by the shareholders of the Issuer and until such time the holders will not have an enforceable claim for the*”

repurchase of their Notes upon a change of control" for more information and the relevant undertaking under the Indenture.

Guarantees

The Revolving Credit Facility will benefit from substantially the same guarantees as the Notes. Additional members of the Group are required to accede as guarantors under the Revolving Credit Facility Agreement the extent that the aggregate of Consolidated EBITDA of the Issuer and the guarantors (in each case calculated on an unconsolidated basis and excluding all intra-group items and investments in subsidiaries of any member of the Group) represents less than 70% of the Consolidated EBITDA of the Group (the "**Guarantor Cover Test**"). To the extent that any member of the Group has EBITDA in an amount of less than zero, such entity shall be treated as having EBITDA of zero for the purposes of calculating compliance with the numerator for the Guarantor Cover Test. To the extent that any member of the Group accedes as a borrower to the Revolving Credit Facility Agreement, such member of the Group shall be required to accede as a guarantor.

Representations and Warranties

The Revolving Credit Facility Agreement contains customary representations and warranties (subject to certain agreed qualifications and with certain ones being repeated), including (but not limited to):

- corporate representations, including status, binding obligations, non-conflict with constitutional documents, laws or other obligations, power and authority, validity and admissibility in evidence and governing law and enforcement;
- no proceedings, no deduction of tax and no filing or stamp taxes;
- no default, no misleading information and financial statements;
- *pari passu* ranking;
- not in the business of purchasing or carrying margin stock;
- center of main interests in its jurisdiction of incorporation; and
- no breach of anti-corruption laws, sanctions and U.S. margin regulations.

Certain representations and warranties are made on the date of the Revolving Credit Facility Agreement and repeated at each utilization; on the first day of each interest period and at certain other.

Covenants

The Revolving Credit Facility Agreement contains customary operating covenants, subject to certain agreed exceptions, including covenants restricting the ability of certain members of the Group to:

- make acquisitions;
- incur indebtedness;
- create security;
- dispose of assets;
- merge with other companies;
- make a substantial change to the general nature of the business of the Group taken as a whole;
- engage in the business of purchasing or carrying margin stock or use the proceeds from the Revolving Credit Facility for buying or carrying margin stock;

- change center of main interests; or
- undertake activity that could result in a breach of anti-corruption laws or sanctions and U.S. margin regulations.

The Revolving Credit Facility Agreement also requires compliance with certain affirmative covenants, including covenants relating to:

- maintenance of relevant authorizations;
- compliance with laws; and
- provision of financial and other information to the lenders.

The Revolving Credit Facility Agreement will require compliance with a financial covenant consisting of a maximum ratio of Consolidated Total Net Debt to Consolidated EBITDA for each relevant period. The ratio is based on the definitions in the Revolving Credit Facility Agreement, which may differ from similar definitions in the Indenture and the equivalent definitions described in this Offering Memorandum.

Events of Default

The Revolving Credit Facility Agreement contains certain events of default, the occurrence of which would allow the Majority Lenders (under and as defined in the Revolving Credit Facility Agreement) to accelerate all outstanding loans and terminate their commitments, including (subject in certain cases to agreed grace periods, financial thresholds and other qualifications):

- nonpayment of amounts due under the Finance Documents (under and as defined in the Revolving Credit Facility Agreement);
- breach of the financial covenant or the representations and covenants relating to sanctions and anti-corruption laws or noncompliance with other obligations under the Finance Documents;
- inaccuracy of representation or statement when made;
- cross defaults, including any event of default under the Notes;
- unlawfulness or repudiation of the Finance Documents;
- insolvency, insolvency proceedings and commencement of certain creditors' processes, such as expropriation, attachment, sequestration, distress or execution; and
- material adverse change.

Governing Law

The Revolving Credit Facility Agreement is governed by English law.

Syndicated Factoring Agreement

General

The Issuer entered into a factoring agreement dated February 21, 2018 (the “**Syndicated Factoring Agreement**”) with BNP Paribas Fortis Factor N.V. and KBC Commercial Finance N.V. (together the “**Factors**”).

Under the terms of the Syndicated Factoring Agreement, the Factors agree to make advance payments to the Issuer in respect of accounts receivable transferred to the Factors. The Syndicated Factoring Agreement provides for a credit facility of up to €200 million and up to 95% of the amount of the approved outstanding receivables on all debtors transferred to the Factors.

The other key limits are:

- approved credit limits;
- customer concentration; and
- geographical concentration or exclusion.

Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factors, subject to certain exceptions.

All amounts advanced within the Syndicated Factoring Agreement limits are insured and without recourse to the Group. However, the Factors may provide financing limits over and above any credit limit (but within the €200 million overall cap). Such funds are not covered by the insolvency risk coverage and are therefore not provided on a nonrecourse basis.

Maturity and Amortization

The Syndicated Factoring Agreement carried an initial term of three years, which matured on March 20, 2021. Upon its initial maturity and pursuant to its terms, the Syndicated Factoring Agreement was renewed automatically by tacit agreement between the parties for subsequent periods of one year. At the end of each subsequent one-year term for which the Syndicated Factoring Agreement is renewed, any party may terminate the agreement upon 90 days' notice.

Certain Covenants

The Syndicated Factoring Agreement contains certain covenants including relating to the administration of the accounts receivable, the terms of the invoices and exchange of information.

Seizure

When there is a conservatory seizure (*bewarend beslag/saisie conservatoire*) on the Issuer's assets having an aggregate value in excess of €250,000, the amount available under the credit facility is decreased by an amount equal to the fair market value of the assets subject to seizure after a grace period of 30 days provided that if the Issuer has taken appropriate action within the 30-day period with a view to the seizure being withdrawn the facility will not be decreased if the seizure is actually withdrawn within 90 days. If there is a seizure on the debtor's assets, that debtor is withdrawn from the finance while the seizure is continuing.

Termination

The Syndicated Factoring Agreement provides for termination events including the following: (i) insolvency; (ii) material breach subject to a 14-day grace period if capable of remedy; and (iii) a change of control that is not acceptable in accordance with any Factor's applicable internal group policies.

Governing Law

The Syndicated Factoring Agreement is governed by Belgian law.

Other Financing Arrangements

In addition to the financing arrangements referred to above, certain members of the Group have, as of the date of this Offering Memorandum, entered into financing arrangements such as bilateral loans, supply chain financings, non-recourse factoring, and guarantee and letter of credit facilities in the ordinary course of their business. For certain members of the Group this also includes facilities which have been made available to such entities but which have, as at the date of this Offering Memorandum, not yet been drawn.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this “Description of the Notes” under the heading “Certain Definitions.” For purposes of this “Description of the Notes,” references to “we,” “our,” and “us” refer to Ontex Group NV and its subsidiaries and references to the “Issuer” refer only to Ontex Group NV and none of its subsidiaries.

The Issuer will issue €400.0 million aggregate principal amount of senior notes due April 15, 2030 (the “**Notes**”) under an indenture, to be dated as of the Issue Date (the “**Indenture**”), between, *inter alios*, the Issuer, the Initial Guarantors, BNY Mellon Corporate Trustee Services Limited, as trustee (the “**Trustee**”), and Citibank Europe plc, as paying agent. The Indenture will not be qualified under, or incorporate, include or be subject to any of the provisions of, the U.S. Trust Indenture Act of 1939, as amended. The phrase “Notes” refers to the Book-Entry Interests (as defined below) in the Notes for as long as the Notes are cleared through the securities settlement system operated by the National Bank of Belgium or any successor thereto (the “**NBB-SSS**”).

The proceeds of the offering of the Notes sold on the Issue Date will be used as set forth in this Offering Memorandum under “*Use of Proceeds*.”

Upon initial issuance of the Notes, the Notes will be guaranteed on a senior basis by certain of the Issuer’s Subsidiaries that will be parties to the Indenture. See “—*Guarantees*.”

This “*Description of the Notes*” is intended to be an overview of the material provisions of the Notes and the Indenture. Since this description of the terms of the Notes is only a summary, you should refer to the Notes and the Indenture for complete descriptions of the obligations of the Issuer and your rights. Copies of the Indenture are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

General

The Notes

The Notes will:

- be general senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future secured Indebtedness or obligations of the Issuer, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including obligations owned to trade creditors; and
- be guaranteed on a senior basis by the Guarantors, subject to the limitations described herein and in “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees*” and “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations*.”

The Guarantees

Each Guarantee of a Guarantor will:

- be a general senior obligation of the applicable Guarantor;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the applicable Guarantor that is not subordinated in right of payment to the applicable Guarantee, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to a Guarantor's Guarantee;
- be effectively subordinated to any existing or future secured Indebtedness or obligations of the applicable Guarantor, to the extent of the value of the property and assets securing such Indebtedness or obligation;
- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of such Guarantor that do not Guarantee the Notes, including obligations owed to trade creditors; and
- be subject to the limitations described herein and in "*Risk Factors—Risks Related to the Group's Indebtedness and the Transactions—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees*" and "*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations*."

Principal, Maturity and Interest

The Issuer will issue €400.0 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on April 15, 2030. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of the NBB-SSS. If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the Notes will accrue at a rate of 5.250% per annum. Interest on the Notes will be payable, in cash, semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2025, to Holders of record on the Business Day immediately preceding the relevant interest payment date. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest on the Notes will be computed on an actual/actual basis. Interest will be calculated based on the aggregate principal amount outstanding of the Notes, and shall be allocated among the Notes in accordance with the regulations of the NBB-SSS. Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

Form of Notes

The Notes will be issued on the Issue Date only in dematerialized form in accordance with the Belgian Companies and Associations Code.

The Notes will be represented exclusively by book entries in the records of the NBB-SSS and can be held by the holders through participants in the NBB-SSS, including Euroclear and Clearstream, who will hold interests in the Notes on behalf of their participants through customers' securities accounts (the "**Dematerialized Notes**"). The Notes may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant of the NBB-SSS, including Euroclear and Clearstream.

All interests in the Dematerialized Notes are subject to the rules and regulations of the NBB-SSS. Ownership of interests in the Dematerialized Notes (the “**Book-Entry Interests**”) will be limited to Persons that have accounts with Euroclear, Clearstream or any other direct or indirect participants in the NBB-SSS, or Persons that may hold interests through such participants. Ownership of Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer as summarized below and described more fully under “*Transfer Restrictions*.” In addition, transfers of Book-Entry Interests between participants in the NBB-SSS will be effected by such participants pursuant to customary procedures and subject to the applicable rules and procedures established by the NBB-SSS and its respective participants. Except under the limited circumstances described in the Indenture, Notes will not be issued in definitive form. Please see “*Book-Entry, Delivery and Form*.”

If definitive notes are to be issued in one of the limited circumstances described in the Indenture, the relevant Dematerialized Notes will be converted into registered notes (the “**Definitive Registered Notes**”).

Methods of Receiving Payments on the Notes and Paying Agents for the Notes

The Issuer will maintain one or more paying agents (each, a “**Paying Agent**” and, collectively, the “**Paying Agents**”) for the Notes. Payments of principal, interest, premium and Additional Amounts (as defined below), if any, on the Dematerialized Notes will be made through Citibank Europe plc (the “**Principal Paying Agent**”) in accordance with the rules and regulations of the NBB-SSS. The Issuer will make payments on the Dematerialized Notes to the Principal Paying Agent for further credit to Euroclear, Clearstream or any other direct or indirect participant in the NBB-SSS (as applicable) which will, in turn, distribute such payments in accordance with its procedures. The Issuer will make all payments in same-day funds. For additional information about payment procedures, see “*Book-Entry, Delivery and Form*.”

The Issuer may change any Paying Agents for the Notes without prior notice to the Holders of such Notes. However, if and for so long as Notes are listed on, and dealings in the Notes are permitted on, the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will satisfy any requirement of the Luxembourg Stock Exchange as to paying agents and will comply with any notice requirements required under the Luxembourg Stock Exchange’s listing rules in connection with any change of Paying Agent.

The Issuer undertakes that it will at all times maintain a Paying Agent which is a participant in the NBB-SSS.

Registrar for the Notes

The Issuer will maintain a registrar (the “**Registrar**”) and a transfer agent (the “**Transfer Agent**”). The initial Registrar will be Citibank Europe plc and the initial Transfer Agent will be Citibank Europe plc. The Registrar will maintain a register reflecting ownership of the Definitive Registered Notes, if any, outstanding from time to time, if any, and will make payments on and facilitate transfers of the Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, if and for so long as Notes are listed on, and dealings in the Notes are permitted on, the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will satisfy any requirement of the Luxembourg Stock Exchange as to registrars and transfer agents and will comply with any notice requirements required under the Luxembourg Stock Exchange’s listing rules in connection with any change of Registrar or Transfer Agent.

Guarantees

The obligations of the Issuer under the Notes will be guaranteed, jointly and severally, on the Issue Date by the following Subsidiaries of the Issuer (the “**Initial Guarantors**”): Ontex BV, Ontex Healthcare UK Limited, Ontex Retail UK Limited, Ontex Hygieneartikel Deutschland GmbH, Ontex Mayen GmbH, Ontex Vertrieb GmbH, Ontex Manufacturing Italy S.r.l., Serenity S.p.A., Ontex Peninsular, S.A.U., Ontex ID, S.A.,

ONTEX CZ s.r.o., Ontex France SAS, Ontex Santé France SAS, “Ontex Polska” sp.z.o.o., Valor Brands LLC, and Ontex Operations USA, LLC.

The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees*” and “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations*.”

As of and for the financial year ended December 31, 2024, the Issuer and the Guarantors accounted for 88%, 76% and 76%, respectively, of the Group’s consolidated adjusted EBITDA, revenue and total assets. As of December 31, 2024, on an *as adjusted* basis after giving effect to the Transactions, the Issuer and its consolidated subsidiaries would have had €541.3 million principal amount of indebtedness (including lease liabilities).

The Issuer is a holding company and all of its revenue and EBITDA will be generated by, and its sole material assets will comprise the securities of, its subsidiaries for which it acts as holding company and its receivables under any intercompany loans. Claims of creditors of non-Guarantor subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those subsidiaries, and claims of preferred and minority stockholders (if any) of those subsidiaries generally will have priority with respect to the assets and earnings of those subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of subsidiaries of the Issuer (other than the Guarantors). On an *as adjusted* basis after giving effect to the Transactions, as of December 31, 2024 the subsidiaries of the Issuer that will not guarantee the Notes would have had €11.4 million of indebtedness outstanding (including lease liabilities). Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See “*—Certain Covenants—Limitation on Indebtedness*.”

In addition, as described below under “*—Certain Covenants—Additional Guarantees*,” each Restricted Subsidiary that guarantees the Revolving Credit Facility or Public Debt shall also enter into a supplemental indenture as a Guarantor of the Notes.

Each Guarantee will be limited to the maximum amount that would not render the Guarantor’s obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor’s obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See “*Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees*” and “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations*.”

Releases of Guarantees

The Note Guarantee of a Guarantor will be automatically and unconditionally released and discharged without any further action by the Issuer, the relevant Guarantor or the Trustee, and such Guarantor's obligations under the Note Guarantee and the Indenture will terminate and be of no further force and effect:

- (1) upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company of such Guarantor) as a result of which such Guarantor ceases to be a Restricted Subsidiary or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;
- (2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- (3) upon payment in full of principal, interest and other obligations under the Notes or defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";
- (4) so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its obligations under the Revolving Credit Facility and (ii) does not guarantee any Public Debt of the Issuer;
- (5) as described under "*—Amendments and Waivers*";
- (6) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*";
- (7) as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation—The Guarantors*";
- (8) upon the implementation of a Permitted Reorganization.

Upon the request of, and at the expense of the Issuer, the Trustee shall take all reasonably necessary actions to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders or any other action or consent on the part of the Trustee (except for releases described under clause (5) above requiring such action or consent, as applicable).

Transfer and Exchange

The Dematerialized Notes may be transferred in accordance with the Indenture. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear, Clearstream or any other direct or indirect participants in the NBB-SSS pursuant to customary procedures and subject to the applicable rules and procedures established by them and their respective participants. Dematerialized Notes cannot be transferred in denominations of less than €100,000 principal amount.

If Definitive Registered Notes are issued in one of the limited circumstances described in the Indenture, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear, Clearstream or any other direct or indirect participant in the NBB-SSS, as applicable, from the owner of the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal

amount, and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear, Clearstream or any other direct or indirect participant in the NBB-SSS, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

- a) for a period of 15 days prior to any date fixed for the redemption of the Notes;
- b) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- c) for a period of 15 days prior to the record date with respect to any interest payment date; or
- d) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under “*Transfer Restrictions*.”

Additional Notes

From time to time, subject to the Issuer’s compliance with the covenant described under the heading “—*Certain Covenants—Limitation on Indebtedness*,” the Issuer is permitted to issue additional Notes (the “**Additional Notes**”), which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer’s Certificate delivered to the Trustee:

- (1) the title of such Additional Notes;
- (2) the aggregate principal amount of such Additional Notes;
- (3) the date or dates on which such Additional Notes will be issued;
- (4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of Holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;
- (5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;
- (6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;
- (7) if other than denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and
- (8) the ISIN, Common Code, CUSIP or other securities identification numbers, as applicable, with respect to such Additional Notes.

Unless the context otherwise requires, for all purposes of the Indenture and this “*Description of the Notes*,” references to “Notes” shall be deemed to include references to the Notes issued on the Issue Date as well

as any Additional Notes. Additional Notes may be designated to be of the same series as the Notes issued on the Issue Date, but only if they have terms substantially identical in all material respects to such Notes, in which case such Additional Notes shall be deemed to form one series with such Notes and references to the Notes shall be deemed to include the Notes issued on the Issue Date as well any such Additional Notes, as applicable.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate certain of its Subsidiaries as "*Unrestricted Subsidiaries*." The Issuer's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Optional Redemption

Except as described below and except as described under "*Redemption for Taxation Reasons*," the Notes are not redeemable until April 15, 2027. On and after April 15, 2027 the Issuer may redeem all or, from time to time, part of the Notes upon not less than five nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts, if any, if redeemed during the twelve-month period beginning on April 15 of the year indicated below:

Year	Redemption Price
2027	102.6250%
2028	101.3125%
2029 and thereafter	100.0000%

At any time and from time to time prior to April 15, 2027, the Issuer may redeem Notes with the Net Cash Proceeds received by the Issuer from any Equity Offering, upon not less than five nor more than 60 days' prior notice, at a redemption price equal to 105.250% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes); *provided* that:

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering, and
- (2) not less than 60% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes but excluding any Notes held by the Issuer or its Subsidiaries) remains outstanding immediately thereafter.

Prior to April 15, 2027, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than five nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium and accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any.

Any redemption described above may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption is subject to satisfaction of one or more conditions

precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than five days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Notwithstanding the foregoing, in connection with any tender or exchange offer for, or other offer to purchase, the Notes (including a Change of Control Offer or Asset Disposition Offer) if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender or submit for exchange, as applicable, and do not withdraw such Notes in such tender or exchange offer and the Issuer, or any third party making such a tender or exchange offer in lieu of the Issuer, purchases all of the Notes validly tendered or submitted for exchange, as applicable, and not withdrawn by such Holders, all of the Holders of Notes will be deemed to have consented to such tender or exchange offer, and accordingly the Issuer or such third party will have the right upon not less than five nor more than 60 days' prior notice to Holders of the Notes, given not more than 30 days following such tender or exchange offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part, following such tender or exchange offer at a price equal to the price (or the same consideration, as applicable) offered to each other Holder of Notes (excluding any early tender, incentive fee or similar payment) in such tender or exchange offer, plus, to the extent not included in the tender or exchange offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to (but excluding) such redemption date.

If an interest payment date or redemption date is not a Business Day, payment may be made on the next succeeding days that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such interest payment date or redemption date if it were a Business Day for the intervening period.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*Selection and Notice*" below. Notwithstanding anything else in the Indenture or the Notes, redemption notices may be given more than 60 days prior to a redemption date if the notice is in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On April 15, 2030, the Issuer will redeem the Notes, that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon to, but not

including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee, the Paying Agent and the Registrar, as applicable, by the Issuer, and in compliance with the requirements of the NBB-SSS, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through the NBB-SSS, or the NBB-SSS does not prescribe a method of selection, on a pro rata basis or by use of a pool factor or by lot; *provided, however*, that, no Note of less than €100,000 in aggregate principal amount may be redeemed. None of the Trustee, the Paying Agent and the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange, and if and to the extent the rules of the Luxembourg Stock Exchange so require, the Issuer shall notify such exchange of such redemption and, in addition to such notice, not less than five days nor more than 60 days prior to the redemption, the Issuer will mail, or at the expense of the Issuer, cause to be mailed or otherwise transmitted, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar or otherwise in accordance with the procedures of the NBB-SSS, as applicable, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance or a satisfaction and discharge of the Indenture with respect to the Notes; provided that, for so long as any Notes are cleared through the NBB-SSS, notices of redemption to Holders will be delivered to the NBB-SSS (and such delivery will be deemed to satisfy the requirements of this paragraph), for onward communication to the holders of the Book-Entry Interests. The Issuer may provide in any redemption or purchase notice that payment of the redemption price and the performance of the Issuer's obligations with respect to such redemption or purchase may be performed by another Person.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than five nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "**Withholding Taxes**"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or
- (2) any amendment to, or change in an official application or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

a Payor (as defined below) is, or on the next interest payment date in respect of Notes would be, required to pay Additional Amounts with respect to such Notes (but, in the case of a Guarantor, only if the payment

giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts) and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must become effective on or after, and must not be publicly announced prior to, the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law that becomes effective after, and has not been publicly announced prior to, the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be given in accordance with the procedures described under “*Selection and Notice*.” Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (each, a “**Payor**”) under or with respect to the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless such withholding or deduction is required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (a) the Kingdom of Belgium or any political subdivision or Governmental Authority thereof or therein having power to tax;
- (b) any jurisdiction from or through which payment on any such Note or any Guarantee is made by or on behalf of a Payor, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or
- (c) any other jurisdiction in which a Payor is incorporated, organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (a), (b) and (c), a “**Relevant Taxing Jurisdiction**”),

will at any time be required by law to be made from any payments made by or on behalf of the Payor under or with respect to any Note or any Guarantee, including, without limitation, payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments, after such withholding, or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant

Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business for tax purposes, or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership, holding or sale of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Guarantee;

- (2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice (at least 60 days before any such withholding would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation or to make such declaration or otherwise satisfy such reporting requirement;
- (3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);
- (4) any Taxes that are payable otherwise than by deduction or withholding from a payment made under or with respect to the Notes or any Guarantee;
- (5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;
- (6) any Taxes withheld, deducted or imposed on a payment to a Holder of the Notes who, at the time of purchase of the Notes, was not an eligible investor listed in Article 4 of the Belgian Royal Decree of May 26, 1994 ("**Eligible Investor**") or to a Holder of the Notes who was such an Eligible Investor at the time of purchase of the Notes but, for reasons within the Holder's control, either ceased to be an Eligible Investor or, at any relevant time on or after the time of purchase of the Notes, otherwise failed to meet any condition for the exemption of Belgian withholding tax according to the Securities Settlement System, as defined and organized by the law of August 6, 1993 and its implementing Royal Decree of May 26, 1994 or to a Holder of the Notes who is such an Eligible Investor but is not holding the Notes in dematerialized form cleared through the NBB-SSS;
- (7) any Taxes that are payable with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly;
- (8) any Taxes withheld, deducted or imposed on a payment to a Holder of Notes as a result of such Notes being in the form of Definitive Registered Notes that are no longer cleared through the NBB-SSS; or
- (9) any combination of the items (1) through (8) above.

Notwithstanding any other provision of the Indenture, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and the Paying Agent. Such copies shall be made available by the Trustee to the Holders upon request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Guarantee, at least 45 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 30 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

- (1) the payment of principal;
- (2) purchase prices in connection with a redemption or repurchase of Notes;
- (3) interest; or
- (4) any other amount payable on or with respect to any of the Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay (and will indemnify the Holder or beneficial owner for) any present or future stamp, issue, registration, transfer, court or documentary taxes, or similar charges or levies (including any related interest, penalties or additions to tax) or any other excise, property or similar taxes or similar charges or levies (including any related interest, penalties or additions to tax) that arise in any jurisdiction from the execution, delivery or registration of any Notes, any Guarantee, the Indenture or any other document or instrument in relation thereto (other than, in each case, (A) in connection with a transfer of the Notes after their issuance or (B) to the extent that such stamp, issue, registration, transfer, court or documentary taxes, or any other excise, property or similar taxes or similar charges or levies becomes payable upon a voluntary registration made by the Holder if such registration is not required by any applicable law or not necessary to enforce the rights or obligations of any Holder in relation to the Notes, any Guarantees, the Indenture, or any other document or instrument in relation thereto) or the receipt of any payments with respect thereto or any such taxes or similar charges or levies (including any related interest, penalties or additions to tax) imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes or any Guarantee or any other document or instrument in relation thereto (limited, solely in the case of any such taxes or similar charges or levies attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Taxing Jurisdiction in respect of which the payment of Additional Amounts is not excluded under clauses (1) through (3) or (5) through (8) of the first paragraph of this covenant or any combination thereof).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a Holder or beneficial owner of its Notes, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with

respect to the Notes is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading “*Change of Control*,” each Holder will have the right to require the Issuer to repurchase all or any part (in integral multiples of €1,000 and provided that Notes of €100,000 or less may only be repurchased in whole and not in part) of such Holder’s Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obligated to repurchase the Notes as described under this heading “*Change of Control*” in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the “**Change of Control Offer**”) to each Holder of Notes or otherwise deliver a notice in accordance with the procedures described under “—*Selection and Notice*,” with a copy to the Trustee:

- (1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part (in integral multiples of €1,000 and provided that Notes of €100,000 or less may only be repurchased in whole and not in part) of such Holder’s Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) and Additional Amounts, if any (the “**Change of Control Payment**”);
- (2) stating the repurchase date (which shall be no earlier than five days nor later than 60 days from the date such notice is mailed or otherwise delivered) and the record date (the “**Change of Control Payment Date**”);
- (3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or any part thereof not tendered will continue to accrue interest;
- (4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;
- (5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and
- (6) if such notice is mailed or otherwise delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;
- (3) deliver or cause to be delivered to the Trustee an Officer’s Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

- (4) in the case of Dematerialized Notes, cancel such Dematerialized Notes in accordance with the rules and procedures of the NBB-SSS with respect to the portion of such Dematerialized Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes.

If and for so long as the Notes are listed on the Luxembourg Stock Exchange and if and to the extent that the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (www.luxse.com).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreements may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to the Group's Indebtedness and the Transactions—The Issuer may not be able to obtain the funds required to repurchase the Notes upon a change of control and the occurrence of certain important corporate events will not constitute a change of control.*"

The definition of “Change of Control” includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

At the next general meeting of the shareholders of the Issuer held, as ordinarily scheduled, after the date of the Indenture, the Issuer shall submit the terms of the covenant “—*Change of Control*” in the Indenture to its shareholders for approval in accordance with article 7:151 of the Belgian Companies and Associations Code (*Wetboek van Venootschappen en Verenigingen / Code des Sociétés et des Associations*). The Issuer shall, by no later than June 30, 2026, provide evidence to the Trustee that an extract of such shareholders' resolution approving such covenant is filed with the clerk of the competent enterprise court in accordance with article 7:151 of the Belgian Companies and Associations Code. See “*Risk Factors – Risks Related to the Group's Indebtedness and the Transactions– The right of holders to have their Notes repurchased upon the occurrence of a change of control is subject to approval by the shareholders of the Issuer and until such time the holders will not have an enforceable claim for the repurchase of their Notes upon a change of control.*”

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (“**Permitted Indebtedness**”):

- (1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any refinancing Indebtedness in respect thereof and guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding the greater of €270.0 million and 122.0% of Consolidated EBITDA, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;
- (2)
 - (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture; or

- (b) without limiting the covenant described under “—*Limitation on Liens*,” Indebtedness arising by reason of any Lien granted by or applicable to any Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;
- (3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:
 - (a) in the case of Indebtedness owing by the Issuer or a Guarantor to and held by any Restricted Subsidiary that is not a Guarantor ((i) except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with cash management, cash pooling or foreign exchange, working capital or tax management of the Issuer and its Restricted Subsidiaries and (ii) only to the extent legally permitted), such Indebtedness shall be unsecured and expressly subordinated in right of payment to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, and the relevant Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, not permitted by this clause (3);
- (4)
 - (a) Indebtedness represented by the Notes (other than any Additional Notes) outstanding on the Issue Date and the related Guarantees; and
 - (b) any Indebtedness (other than Indebtedness described in clauses (1), (3) and (4)(a) of this paragraph) outstanding or committed on the Issue Date;
 - (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) (other than sub-paragraph 4(d) below) or clause (5)(ii) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and
 - (d) Management Advances;
- (5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise merged, consolidated, amalgamated or otherwise combined with the Issuer or a Restricted Subsidiary; *provided, however*, with respect to this clause (5), such Indebtedness is in an aggregate amount not to exceed (i) the greater of €25.0 million and 10.0% of Consolidated EBITDA at the time of such Incurrence or acquisition, merger, consolidation, amalgamation or other combination, *plus* (ii) additional Indebtedness if after giving *pro forma* effect to such acquisition, merger, consolidation, amalgamation or other combination and the Incurrence of such Indebtedness pursuant to this clause (5), (x) the Issuer would have been able to incur €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio in the first paragraph of this covenant or (y) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such Incurrence or acquisition, merger, consolidation, amalgamation or other combination;

- (6) Indebtedness under Hedging Obligations not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer);
- (7) Indebtedness represented by Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other Indebtedness Incurred or assumed in connection with the acquisition, lease, rental or development and improvement of real or personal, movable or immovable, property or assets (including, without limitation, material handling equipment), in each case, Incurred for the purpose of financing or refinancing all or any part of the purchase price, lease expense or cost of design, construction, installation or improvement of property, plant, equipment or other assets used or useful in the Issuer's or any Restricted Subsidiary's business, whether through a direct purchase of assets or the Capital Stock of any Person owning such assets (including any reasonable related fees or expenses Incurred in connection with such acquisition, lease, rental, improvement or development); *provided* that the principal amount of such Indebtedness so Incurred outside the ordinary course of business when aggregated with such other Indebtedness previously Incurred outside the ordinary course of business in reliance on this clause (7) and still outstanding, together with any Indebtedness arising out of Sale and Leaseback Transactions (and any refinancing Indebtedness in respect thereof), shall not in the aggregate exceed the greater of €92.0 million and 41.0% of Consolidated EBITDA;
- (8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, bid, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations, indemnities or guarantees Incurred in the ordinary course of business or in respect of any governmental, legal or regulatory requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental, legal or regulatory requirement, *provided, however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) self-insurance obligations, captive insurance company obligations or the financing of insurance premiums in the ordinary course of business; (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business; and (e) operating leases;
- (9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts, deferred consideration or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10)

- (a) Indebtedness arising from (i) Bank Products or (ii) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds; *provided, however*, that, in the case of this clause (ii), such Indebtedness is extinguished within five Business Days of Incurrence;
 - (b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;
 - (c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and
 - (d) Indebtedness incurred in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;
- (11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €155.0 million and 69.0% of Consolidated EBITDA;
- (12) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to factoring financings, inventories financings, securitizations, asset-backed loans and financings (howsoever described or structured), receivables financings, reverse factoring financings or similar arrangements (in each case, to the extent that they do not otherwise qualify as a Qualified Securitization Financing) that either: (x) are not recourse to the Issuer or any Restricted Subsidiary (except to the extent done in the ordinary course of business or customary in the good faith determination of the Issuer for such type of arrangement or except for Standard Securitization Undertakings); or (y) do not exceed, together with any Permitted Recourse Securitization Financing, the greater of €70.0 million and 30.0% of Consolidated EBITDA;
- (13) Indebtedness of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with any refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Excluded Contributions) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Excluded Contributions) of the Issuer, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "*Certain Covenants—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon; and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "*Certain Covenants—Limitation on Restricted Payments*" in reliance thereon;

- (14) Indebtedness under daylight borrowing facilities Incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within ten Business Days of the date on which such Indebtedness is Incurred;
- (15) Indebtedness to finance working capital needs and other working capital facilities in an aggregate principal amount not to exceed, at any one time outstanding, the greater of €56.0 million and 25.0% of Consolidated EBITDA;
- (16) Indebtedness under local Credit Facilities in an aggregate principal amount not to exceed, at any one time outstanding, the greater of €56.0 million and 25.0% of Consolidated EBITDA; and
- (17) Indebtedness arising under or in connection with a Tax Sharing Agreement.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries of the Issuer that are not Guarantors pursuant to the first paragraph and clause (11) of the second paragraph of this covenant at any time outstanding (in each case including Refinancing Indebtedness in respect thereof incurred by Restricted Subsidiaries of the Issuer that are not Guarantors) shall not at any time exceed the greater of €105.0 million and 46.0% of Consolidated EBITDA.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) subject to clause (2) below, in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;
- (2) all Indebtedness Incurred under the Revolving Credit Facility and outstanding on the Issue Date shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and may not be reclassified;
- (3) Guarantees of, or obligations in respect of Bank Products, letters of credit, bank guarantees, surety, performance bonds, appeal bonds, completion guarantees, cost-overflow guarantees, advance payment bonds, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to the first paragraph above or under clause (1), (7), (11), (13), (15) or (16) of the definition of Permitted Indebtedness and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
- (5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
- (7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

- (8) (a) in the case of any Indebtedness Incurred to refinance any other Indebtedness, any Indebtedness Incurred to fund accrued and/or capitalized interest, accreted value or original issue discount, or any fees, costs and expenses, including premiums, defeasance costs, indemnity fees, upfront fees or any required additional tax gross-up amounts will not be deemed to be Indebtedness for the purpose of calculating any basket, permission or threshold under which such refinancing Indebtedness is permitted to be Incurred and (b) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, *plus* accrued and/or capitalized interest, accreted value or original issue discount and any fees, costs and expenses, including premiums, defeasance costs, indemnity fees, upfront fees and any required additional tax gross-up amounts, in connection with such refinancing; and
- (9) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to incur or issue Indebtedness or commits to incur any Lien pursuant to clause (29) of the definition of “Permitted Liens,” the Incurrence or issuance thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or the Incurrence of Permitted Indebtedness (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers’ acceptances thereunder) will, at the Issuer’s option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if such Fixed Charge Coverage Ratio or Consolidated Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto on such date, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers’ acceptances thereunder) will be permitted under this covenant and under the covenant described under “—*Limitation on Liens*” irrespective of the Fixed Charge Coverage Ratio or Consolidated Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers’ acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers’ acceptances) on a date pursuant to the operation of this clause (a) shall be the “*Reserved Indebtedness Amount*” as of such date for purposes of the Fixed Charge Coverage Ratio or Consolidated Net Leverage Ratio, as applicable, or other provision of the Indenture, and, to the extent that Permitted Indebtedness (if any), shall be deemed to be Incurred and outstanding under the clauses of the Permitted Indebtedness definition) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and, in each case, the Issuer may revoke such determination at any time and from time to time.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this “—*Limitation on Indebtedness*.” Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If on any date an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this “*Limitation on Indebtedness*,” the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro-equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated as set forth under “*Financial Calculations*”; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the euro-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:
 - (i) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and
 - (ii) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis);
- (2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));
- (3) make any principal payment on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to the scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement (a) in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or (b) of or with respect to any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under “*Limitation on Indebtedness*”);

- (4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or
- (5) make any Restricted Investment in any Person

(any such dividend, distribution, payment, purchase, redemption, retirement, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) above is referred to herein as a “*Restricted Payment*”), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);
- (b) the Issuer is not able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” after giving effect, on a *pro forma* basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clause (5) (without duplication) and (11) of the third paragraph of this covenant, but excluding all other Restricted Payments permitted by the third paragraph of this covenant) would exceed the sum of (without duplication):
 - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit); *provided* that the aggregate amount taken into account pursuant to this clause (i) shall never be less than zero;
 - (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Issuer subsequent to the Issue Date (other than (v) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the third paragraph of this covenant or (y) Excluded Contributions);
 - (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the Incurrence, issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any

Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (v) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (w) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the third paragraph of this covenant or (x) Excluded Contributions;

- (iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary by means of the disposition (other than to the Issuer or a Restricted Subsidiary) of any Unrestricted Subsidiary or repurchases, redemptions or other acquisitions or retirements of, or other returns on Investments from, any Restricted Investment or the disposition (other than to the Issuer or a Restricted Subsidiary) of any Restricted Investment or repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary;
- (v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value (as determined in accordance with the next succeeding paragraph) of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) or (17) of the definition of "Permitted Investment";
- (vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary; and
- (vii) the greater of €20.0 million and 10.0% of Consolidated EBITDA.

The fair market value of property or assets (other than cash) covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

- (1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding or a substantially concurrent contribution to the equity of the Issuer (other than through the issuance of Disqualified Stock or through an Excluded Contribution); *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the immediately preceding paragraph) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant and clause (6) of this paragraph and shall not be considered an Excluded Contribution;

- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” above;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” above, and that in each case, constitutes Refinancing Indebtedness;
- (4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
 - (a) (i) from Net Available Cash to the extent permitted under “—*Limitation on Sales of Assets and Subsidiary Stock*” below, but only if the Issuer shall have first complied with the covenant described under “—*Limitation on Sales of Assets and Subsidiary Stock*” and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;
 - (b) following the occurrence of a Change of Control (or other similar event described as a “change of control”), but only (i) if the Issuer shall have first complied with the covenant described under “—*Change of Control*” and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
 - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which the relevant Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (5) any dividends paid within 90 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;
- (6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), in each case, from either Management Investors or from other Persons in order to grant or otherwise transfer such Capital Stock to Management Investors; *provided* that such payments do not exceed an amount (net of repayments of any such loans or advances) equal to (1) the greater of €5.0 million and 3.0% of Consolidated EBITDA in any twelve-month period (with unused amounts being carried over to succeeding twelve-month periods) *plus* (2) amounts not to exceed the Net Cash Proceeds received during such twelve-month period by the Issuer or its Restricted Subsidiaries from, or as a contribution to the equity (in each case under this clause (2), other than through the issuance of Disqualified Stock) of the Issuer from, the issuance or sale to Management Investors of Capital

Stock (including any options, warrants or other rights in respect thereof) *plus* (3) the net cash proceeds of any key man life insurance policies, to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph of this covenant or clause (1) of this paragraph;

- (7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary issued in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*”;
- (8) (i) purchases, repurchases, buybacks or other acquisitions or retirements of Capital Stock of the Issuer made under programs publicly announced prior to the Issue Date and (ii) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
- (9) dividends, loans, advances or distributions or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3) and (5) of the second paragraph under “—*Limitation on Affiliate Transactions*”;
- (10) the declaration or payment of dividends or distributions, the purchase, repurchase, buyback or other acquisition or retirement of Capital Stock of the Issuer, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock of the Issuer; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year an amount equal to 7.0% of the Market Capitalization;
- (11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €92.0 million and 41.0% of Consolidated EBITDA;
- (12) payments by the Issuer to holders of Capital Stock of the Issuer in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Issuer);
- (13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);
- (14) payment of any Securitization Fees, purchases of Securitization Assets pursuant to a Securitization Repurchase Obligation and contributions and other transfers of Securitization Assets, in each case, in connection with a Qualified Securitization Financing or a Permitted Recourse Securitization Financing;
- (15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;
- (16) payments pursuant to any Tax Sharing Agreement or arrangement among the Issuer and its Subsidiaries and other Persons with which the Issuer or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided, however*, that such payments will not exceed the amount of tax that the Issuer and its Subsidiaries would owe on a standalone basis and the related tax liabilities of the Issuer and its Subsidiaries are relieved by the payment of such

amounts to a relevant taxing authority and, in the case of taxes attributable to Unrestricted Subsidiaries, solely to the extent such Unrestricted Subsidiaries make distributions in cash;

- (17) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries on a *pro forma* basis after giving effect to such Restricted Payment does not exceed 3.0 to 1.0; and
- (18) Restricted Payments made in connection with, or as part of, the Transactions.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or a member of senior management of the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the “**Initial Lien**”), except (a) Permitted Liens or (b) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Guarantee of the Notes in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness), the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged under any one or more of the following circumstances.

- (1) In connection with any sale or other disposition of the property or assets which are subject to such Lien to a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to “—*Certain Covenants—Merger and Consolidation*”), if such sale or other disposition does not violate the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” or is otherwise permitted in accordance with the Indenture;
- (2) upon the release and discharge of the Initial Lien to which such Lien relates;
- (3) as described under “—*Amendments and Waivers*”;
- (4) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in “—*Defeasance*” and “—*Satisfaction and Discharge*”; or
- (5) in the case of a merger, consolidation or other transfer of assets in compliance with the covenant described below under “—*Certain Covenants—Merger and Consolidation*.”

At the request of and at the expense of the Issuer, the Trustee will take all reasonably necessary action required to effectuate any release of a Lien securing the Notes and the Guarantees and Incurred pursuant to the first paragraph of this covenant, subject to customary protections and indemnifications. Any such release (other than a release described in clause (3)) of the second paragraph of this covenant will be effected by the Trustee without the consent of the Holders.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “*Increased Amount*” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted

value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property or assets securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;
- (B) make any loans or advances to the Issuer or any Restricted Subsidiary; or
- (C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any payment blockage or standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

- (1) any encumbrance or restriction pursuant to (a) any Credit Facility (other than the Revolving Credit Facility) or any other agreement or instrument, in each case, in effect at or entered into on the Issue Date or (b) the Indenture, the Notes or the Revolving Credit Facility;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person, or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary) and outstanding on such date; *provided that*, for the purposes of this clause (2), if another Person is the Successor Issuer (as defined under “—*Merger and Consolidation*”), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an “**Initial Agreement**”) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement, instrument, amendment supplement or other modification are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Issuer);

- (4) any encumbrance or restriction:
- (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;
 - (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or
 - (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, constructed, improved, leased, rented or installed, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;
- (6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments;
- (8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
- (9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;
- (11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if (1) the encumbrances and restrictions contained in such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility as in effect on the Issue Date or (ii) is customary in comparable financings (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (2) the Issuer determines in good faith at the time such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer’s ability to make principal or interest payments on the Notes;
- (12) restrictions effected in connection with a Qualified Securitization Financing, a Permitted Recourse Securitization Financing or any other financing permitted by clause (12) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*” that arise in the ordinary course of business or in the good faith determination of the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such Qualified Securitization Financing, a Permitted Recourse Securitization Financing or any other financing permitted by clause (12) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*”;

- (13) any encumbrance or restriction existing by reason of any Lien permitted under “—*Limitation on Liens*”;
- (14) any encumbrance or restriction existing by reason of a Permitted Reorganization effected in compliance with the definition thereof.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

- (1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition and without giving effect to subsequent changes in value), as determined by the Issuer's Board of Directors or a member of senior management; and
- (2) other than with respect to a Permitted Asset Swap, at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:
 - (i) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);
 - (ii) Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
 - (iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet or the notes thereto) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;
 - (iv) any Capital Stock or assets of the kind referred to in clause (C), (D), (E) or (F) of the second paragraph of this covenant;
 - (v) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons that are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness is not Subordinated Indebtedness of the Issuer or such Guarantor;
 - (vi) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €60.0 million and 30.0% of Consolidated EBITDA at the time of the receipt of such Designated Non-Cash Consideration (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or
 - (vii) a combination of the consideration specified in clauses (i) through (vi) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (H) below) of

the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary to:

- (A) (i) prepay, repay, purchase or redeem any Indebtedness incurred under clause (1) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*” or any Refinancing Indebtedness in respect thereof (including, to the extent applicable, through open market purchases, tender offers and other privately negotiated transactions at market prices); (ii) unless included in (A)(i), prepay, repay, purchase or redeem Notes or Indebtedness (other than Subordinated Indebtedness) at a price of no more than 100% of the principal amount of the Notes or such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by a Lien on property or assets of the Issuer or any of its Restricted Subsidiaries (in each case other than Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that the Issuer shall prepay, repay, purchase or redeem Public Debt (other than the Notes) pursuant to clause (ii) only if the Issuer (a) makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes) or (b) reduces the aggregate principal amount of the Notes on an equal ratable basis with any such Public Debt repaid pursuant to clause (ii) by, at its option, redeeming Notes as provided under “—*Optional Redemption*” and/or purchasing Notes through open market purchases or in privately negotiated transactions at market prices (which may be below par);
- (B) purchase any series of Notes pursuant to an offer to all Holders of such Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the record date to receive interest due on the interest payment date) or redeem Notes pursuant to the redemption provisions of the Indenture or make an Asset Disposition Offer to all Holders of Notes (in accordance with the procedures set out below);
- (C) invest in any Replacement Assets;
- (D) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;
- (E) make a capital expenditure;
- (F) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;
- (G) consummate any combination of the foregoing; or
- (H) enter into a binding commitment to apply the Net Available Cash pursuant to clause (A), (C), (D), (E) or (F) of this paragraph or a combination thereof, *provided* that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such prepayment, repayment, purchase, redemption, investment, acquisition or capital expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 365 day period, if such prepayment, repayment, purchase, redemption, investment, acquisition or capital expenditure has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes “*Excess Proceeds*.” Pending the final application of any such Net Available Cash, the Issuer may temporarily reduce

revolving credit borrowings or otherwise apply such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day if a binding commitment as described in clause (H) is entered into) after the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, or such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds the greater of €30.0 million and 15.0% of Consolidated EBITDA, the Issuer will be required within 30 Business Days thereof to make an offer ("**Asset Disposition Offer**") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be repaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their euro-equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "**Asset Disposition Offer Period**"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or purchased by it pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such

Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an “**Affiliate Transaction**”) involving aggregate value in excess of the greater of €20.0 million and 7.5% of Consolidated EBITDA unless:

- (1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of €35.0 million and 15.0% of Consolidated EBITDA, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*,” any Permitted Payments (other than pursuant to clause (9) of the third paragraph of the covenant described under “—*Limitation on Restricted Payments*”) or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (17) of the definition thereof);
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer;
- (3) any Management Advances and any waiver or transaction with respect thereto;
- (4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Securitization Subsidiary;

- (5) the payment of reasonable fees and reimbursement of costs, taxes and expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer or any Restricted Subsidiary (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
- (6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described in "*Principal Shareholders and Related Party Transactions*" in the Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;
- (7) any transaction with a Person that is an Affiliate of the Issuer or any Restricted Subsidiary solely due to the fact that a director or officer or member of management of such Person is also a director, officer or member of management of, or employee of, the Issuer or any Restricted Subsidiary; *provided, however*, that such director or officer abstains from voting as a director or officer of the Issuer or any Restricted Subsidiary (as the case may be) on any matter involving such other Person;
- (8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from a Person that is not an Affiliate of the Issuer;
- (9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;
- (10) (a) issuances or sales of Capital Stock (other than Disqualified Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock, or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;
- (11) any transaction effected as part of a Qualified Securitization Financing or a Permitted Recourse Securitization Financing; and
- (12) any transactions in respect of which the Issuer or a Restricted Subsidiary delivers a written opinion (in form reasonably satisfactory to the Trustee) to the Trustee from an independent financial advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

- (1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2025, annual reports containing, to the extent applicable: (i) an operating and financial review of

the audited financial statements, including a discussion of the results of operation, financial condition, adjusted EBITDA and liquidity and capital resources; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* financial information has been provided in a previous report pursuant to clause (2) or (3) of this paragraph) (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense); (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent fiscal year, including appropriate footnotes to such financial statements, and the report of the independent auditors on the financial statements; (iv) a description of the business, management and shareholders of the Issuer and all material affiliate transactions and a description of all material debt instruments; and (v) a description of material operational risk factors;

- (2) within 60 days after the end of the first fiscal half-year in each fiscal year of the Issuer beginning with the fiscal half-year ending June 30, 2025, semi-annual financial statements of the Issuer containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such half-year and unaudited condensed statements of income and cash flow for such half-year and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of such half-year (and unless such *pro forma* financial information has been provided in a previous report pursuant to clause (1) or (3) of this paragraph) (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense); (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, adjusted EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) any material changes to the risk factors disclosed in the most recent annual report; and
- (3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event;

provided, however, that the reports set forth in clauses (1), (2) and (3) above will not be required to: (i) include separate financial statements for any Restricted Subsidiaries or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum or (ii) contain any reconciliation to U.S. generally accepted accounting principles, and *provided further* that the Issuer will be deemed to have provided the information set forth in clauses (1) through (3) of this paragraph if it has posted such information to its company website and such information is publicly available in accordance with Belgian Listed Company Requirements.

So long as the Issuer's ordinary shares are admitted for trading on Euronext Brussels or another stock exchange and the Issuer complies with the Belgian Listed Company Requirements, to the extent that such requirements include an obligation to prepare and make publicly available annual and semi-annual financial reports, information, documents and other reports in accordance with the Belgian Listed Company Requirements, the Issuer will be deemed to have complied with the provisions contained in clauses (1), (2) and (3) of the first paragraph of this covenant if, on or promptly following the date on which the Issuer makes publicly available such annual or semi-annual financial reports, information, documents or other reports, the Issuer also makes publicly available English language translations thereof.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer's total revenue or consolidated EBITDA for the most recently ended Relevant Testing Period, for which annual or semi-annual financial reports or information have been furnished to Holders, after giving effect to such transaction in the case of an acquisition and prior to giving effect to such transaction in the case of a disposition.

The Issuer shall also make available to Holders and prospective Holders of the Notes copies of all reports furnished pursuant to the foregoing provisions of this covenant on the Issuer's website.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may in the event of a change in IFRS, present earlier periods on a basis that applied to such periods.

At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the semi-annual and annual financial information required by clauses (1) and (2) of the first paragraph of this "*Reports*" covenant will include (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries, together with an unaudited reconciliation to the financial information of the Issuer and its subsidiaries, which reconciliation shall include the following items: revenues, consolidated EBITDA, net income, cash, total assets, total debt and interest expense.

For the purposes of this covenant, IFRS shall be deemed to be IFRS as in effect from time to time, without giving effect to the proviso in the second sentence of the definition thereof.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

Notwithstanding the foregoing, in the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the "**Successor Issuer**") will be a Person organized and existing under the laws of any Permissible Jurisdiction, or the United States of America, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, by

supplemental indenture executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture;

- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Fixed Charge Coverage Ratio for the Successor Issuer and its Restricted Subsidiaries would not be less than the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries was immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under “—*Limitation on Indebtedness*.”

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture; *provided, however*, that in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under “—*Limitation on Sales of Assets and Subsidiary Stock*,” (ii) a Permitted Reorganization or (iii) the creation of a new Subsidiary as a Restricted Subsidiary.

The Guarantors

No Guarantor (other than a Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture) may:

- (1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving Person);

- (2) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the assets of such Guarantor and its Restricted Subsidiaries taken as a whole, in one transaction or a series of related transactions, to any Person; or
- (3) permit any Person to merge with or into it unless (in the case of clauses (1), (2) and (3)):
 - (A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor;
 - (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture, an accession agreement or one or more other documents or instruments, each in a form reasonably satisfactory to the Trustee); and (2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and is continuing; or
 - (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case, other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, however, that the prohibitions in clauses (1), (2) and (3) of this paragraph shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent conveyance or transfer, voidable preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent the Issuer determines in good faith that such limitations are reasonably necessary to recognize certain defenses generally available to guarantors (including, without limitation, those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate benefit, capital maintenance, thin capitalization or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The provisions set forth in this “*Merger and Consolidation*” covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided that*, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume all of the obligations of the Issuer under the Notes and the Indenture (pursuant to a supplemental indenture, an accession agreement or one or more other documents or instruments, each in a form reasonably satisfactory to the Trustee) and its obligations under clauses (1) and (4) under the heading “—*The Issuer*” shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity, *provided that* clauses (1), (2) and (4) under the heading “—*The Issuer*” or clauses (A) and (B) under the heading “—*The Guarantors*,” as the case may be, shall apply to any such transaction; and (v) a Permitted Reorganization.

Lines of Business

The Issuer will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries, taken as a whole.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a “**Suspension Event**”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the “**Reversion Date**”), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

- (1) “—*Limitation on Restricted Payments*”;
- (2) “—*Limitation on Indebtedness*”;
- (3) “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*”;
- (4) “—*Limitation on Affiliate Transactions*”;
- (5) “—*Limitation on Sales of Assets and Subsidiary Stock*”;
- (6) the provisions of clause (3) of the first paragraph of the covenant described under “—*Merger and Consolidation—the Issuer*”;
- (7) “—*Lines of Business*”; and
- (8) “—*Additional Guarantees.*”

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the Reversion Date. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The “*Limitation on Restricted Payments*” covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under “—*Limitation on Indebtedness.*” In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after the Reversion Date as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. In the event of the occurrence of a Suspension Event, the Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption have been satisfied, *provided* that no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall not be obligated to notify Holders of such event. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary that is not a Guarantor shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility (or any Refinancing Indebtedness in respect thereof) or any Public Debt, in each case, of the Issuer or a Guarantor, in each case for Indebtedness in excess of the greater of €25.0 million and 10.0% of Consolidated EBITDA, unless

such Restricted Subsidiary either (i) is not a Significant Subsidiary or (ii) is or becomes a Guarantor on the date on which the Guarantee is incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness; *provided, however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent conveyance or transfer, voidable preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary.

Guarantees granted pursuant to this provision shall be released as set forth under “—*Guarantees—Releases of Guarantees*.” A Guarantee of an additional Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. At the request of the Issuer, the Trustee shall take all reasonably necessary actions to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations as described and set out in “*Limitations on Validity and Enforceability of the Guarantees and Certain Insolvency Law Considerations*” in the Offering Memorandum.

Financial Calculations

When determining whether any transaction is permitted under the Indenture (including, without limitation, determining compliance with any basket, ratio or threshold, or whether a Default or Event of Default has or would occur as a result of such transaction, in each case, in connection with the Incurrence of any Indebtedness (and use of proceeds thereof), the creation of any Lien, the making of any Restricted Payment or Investment, the issuance or sale of Capital Stock, the sale or other disposition of any assets, any merger, consolidation or other business combination or transaction with Affiliates), the Issuer shall be permitted to test it, at its option, (i) on the date binding documentation for such transaction is entered into, (ii) on the date that any notice of any repayment, redemption, repurchase or refinancing of any Indebtedness is given to the holders thereof (if applicable), or (iii) on the date such transaction is consummated. If the Issuer elects to test the transaction as described in clauses (i) or (ii) above, the determination as to whether the transaction is permitted under the Indenture shall be made assuming that the transaction and other transactions to be entered into in connection therewith were consummated on the date binding documentation was entered into or such notice was given (each, an “**Alternative Testing Date**”), as applicable. If the transaction was permitted on the Alternative Testing Date chosen by the Issuer, it shall continue to be deemed so permitted under the Indenture even if it would have otherwise resulted in a Default or an Event of Default on the date it is consummated. When determining whether any transaction is permitted under the Indenture as of the Alternative Testing Date, the Issuer will make all necessary calculations as set forth under the definitions of “*Consolidated EBITDA*,” “*Consolidated Net Leverage Ratio*,” and “*Fixed Charge Coverage Ratio*.”

If the Issuer has elected to test a transaction on an Alternative Testing Date (an “**Alternative Testing Date Election**”), the transaction shall be deemed to have occurred on such date for the purposes of making any other determination under the Indenture; *provided* that an Alternative Testing Date Election shall cease to apply if (a) the transaction is definitively terminated, cancelled or abandoned or (b) the Issuer has revoked its Alternative Testing Date Election and has instead opted to test the transaction on the date it is consummated, which the Issuer will be entitled to do at any time until the transaction is consummated (such time, the “**Election Termination Time**”). From the time the Issuer makes an Alternative Testing Date Election to the related Election Termination Time, the provisions of the Indenture will apply assuming that the relevant transaction was consummated on the Alternative Testing Date. No action properly taken by the Issuer or any of its Restricted Subsidiaries between an Alternative Testing Date Election and the related Election Termination Time will constitute a Default or an Event of Default under the Indenture. In addition, the Indenture will permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments undertaken during such period of time, so long as they were not undertaken in anticipation of the Election Termination Time.

For the purposes of calculating the availability or permission under any basket or ratio under the Indenture, the exchange rate (including for the purposes of determining any interest) used in any financial definition or components thereof shall be, at the option of the Issuer, (i) the prevailing rate of exchange (as determined by the Issuer) on the last day of the most recent period for which internal consolidated financial statements are available prior to the date of determination; (ii) the weighted average exchange rate for period for which internal consolidated financial statements are available prior to the date of determination; (iii) any applicable conversion rate used in any relevant financial statements or management accounts; (iv) any applicable conversion rate selected by the Issuer as of the relevant date of determination; or (v) any applicable conversion rate under any Currency Agreement or other currency hedging arrangement entered into by the Issuer or any of its Restricted Subsidiaries; and in each case, no Default, Event of Default or breach of any undertaking or covenant shall arise merely as a result of a subsequent change in the euro equivalent amount of any relevant amount due to fluctuations in exchange rates.

For the avoidance of doubt, references to any transaction being in the “ordinary course of business” of the Issuer or any of its Restricted Subsidiaries shall be construed to include any transaction that is consistent with industry practice in the industries in which the Group operates (or if the transaction is not specific to the Group’s industry, industry generally) or consistent with past practice of the Group or required to comply with applicable legislation, rules and regulations, in each case, as reasonably determined by the Issuer in good faith.

Events of Default

Each of the following is an “Event of Default” under the Indenture:

- (1) default in any payment of interest or Additional Amounts on any Note issued under the Indenture when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure by the Issuer or any Guarantor to comply with the provisions described under the caption “—*Certain Covenants— Merger and Consolidation*”;
- (4) failure by the Issuer or any of its Restricted Subsidiaries to comply for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with the provisions described under the caption “—*Change of Control*” (other than the failure to purchase Notes which will constitute an Event of Default under clause (2) above);

- (5) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its agreements contained in the Indenture or the Notes (other than a default in performance, or breach, of a covenant or agreement which is specifically addressed in clause (1), (2), (3) or (4) above);
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or Guarantee now exists or is created after the Issue Date, which default:
 - (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default provision**"); or
 - (b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**"),

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates in excess of the greater of €60.0 million and 30.0% of Consolidated EBITDA;

- (7) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");
- (8) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of the greater of €60.0 million and 30.0% of Consolidated EBITDA (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**"); and
- (9) any Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and such Default continues for 10 days (the "**guarantee default provision**").

However, a Default under clause (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the Default and, with respect to such clause (6) or (8), the Issuer does not cure such Default within the time specified in such clause (6) or (8), as applicable, after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, subject to its rights and protections in the Indenture, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. The Trustee shall not be deemed to have notice of any Default or Event of Default unless a written notice of any event

which is in fact such a Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and the Indenture. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under “Events of Default” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the relevant Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, other than pursuant to a rescission of acceleration of the Notes by Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration) and rescind any acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such Holders have offered the Trustee security and/or indemnity (including by way of prefunding) satisfactory to it against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the offer of security and/or indemnity (including by way of prefunding); and
- (5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a Responsible Officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs.

The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of prefunding) satisfactory to it in its sole discretion against all losses, liabilities and expenses which may arise by taking or omitting to take such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence in writing by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another Default (an **"Initial Default"**), then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled **"—Reports"** or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of prefunding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

The Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and any Default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes affected, then outstanding, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under **"—Optional Redemption"**;
- (5) make any Note payable in currency other than that stated in the Note;

- (6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;
- (7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that (i) adversely affects the right of any Holder of such Notes in any material respect or (ii) amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder except, in the case of clause (ii), to the extent that the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect of any withholding or deduction required in respect of such Taxes;
- (8) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);
- (9) release any Guarantor from any of its obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture; or
- (10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Guarantors and the Trustee may amend or supplement any Notes Documents to:

- (1) cure any ambiguity, omission, defect, error or inconsistency;
- (2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document or Permitted Reorganization;
- (3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;
- (4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits of the Trustee or any of the Holders in any material respect under the Notes Documents;
- (5) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;
- (6) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination or discharge of any Guarantee or any amendment with respect to or securing the Notes when such release, termination, discharge or amendment is provided for under the Indenture;
- (7) conform the text of the Indenture or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture or the Notes;
- (8) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof; or
- (9) to the extent necessary to provide for the assumption of any successor to the NBB-SSS or to the extent necessary to comply with the rules and regulations of the NBB-SSS or any successor thereto.

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under any Notes Document by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (www.luxse.com). In addition, for so long as any the Notes are cleared through the NBB-SSS, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to the NBB-SSS for onward communication to the Holders.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the Defeasance Trust (as defined below), the rights, powers, trusts, duties, immunities and indemnities of the Trustee, the Paying Agent, the Transfer Agent and the Registrar and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments in respect of the Notes and the segregation and holding of such payments.

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) of the first paragraph under "*—Certain Covenants—Merger and Consolidation—The Issuer*") and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the payment default provision, the cross acceleration provision, the bankruptcy provisions with respect to any Significant Subsidiaries, the judgment default provision and the guarantee default provision described under "*Events of Default*" above ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (5), (6), (7) (with respect only to the Significant Subsidiaries), (8) or (9) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**Defeasance Trust**") with the Trustee (or another entity designated or appointed as agent by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof

sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

- (1) an Opinion of Counsel in the United States to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);
- (2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;
- (3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;
- (4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940, as amended; and
- (5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
 - (a) all the Notes have been delivered to the Paying Agent for cancellation or have otherwise been cancelled in accordance with the rules of the NBB-SSS; or
 - (b) all Notes that have not been cancelled in accordance with subclause (1)(a) (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer;
- (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously cancelled in accordance with subclause (1)(a), for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be;
- (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture;
- (4) the Issuer has delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of the Notes at maturity or on the redemption date, as the case may be; and
- (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with,

provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

BNY Mellon Corporate Trustee Services Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a Responsible Officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a Responsible Officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Note, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflicting interest (as such term is used in the U.S. Trust Indenture Act of 1939, as amended) that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder that has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes or expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as the Notes are cleared through the NBB-SSS, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to the NBB-SSS for onward communication to the Holders. Such notices may also be published on the website of the

Luxembourg Stock Exchange (www.luxse.com) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. For so long as the Notes are cleared through the NBB-SSS, notices to Holders of the Notes may be delivered via the NBB-SSS in lieu of notice via first-class mail.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Indenture, the Notes and the Guarantees, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under the Indenture, any Note or any Guarantee, the Issuer and the Guarantors, if any, will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture, any Note or any Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro-equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof. Settlement of Notes is not conditioned on obtaining this listing.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Extra-contractual Liability

Each holder of Notes agrees that the provisions of Article 6.3 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 2019 shall, to the maximum extent permitted by law, not apply under or in connection with the Indenture or the Notes and that it shall not be entitled to make any extra-contractual liability claim against the Issuer, any Guarantor or any auxiliary (*hulpversoon/auxiliaire*) within the meaning of Article 6.3 of the Belgian Civil Code of (any affiliate of) the Issuer or any Guarantor with respect to a breach of a contractual obligation under or in connection with the Indenture and the Notes, even if such breach of obligation also constitutes an extra-contractual liability.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

“Acquired Indebtedness” means Indebtedness:

- (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or
- (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition, or
- (3) of a Person or any of its Subsidiaries at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary.

Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding paragraph, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding paragraph, on the date of the relevant merger, consolidation or other combination.

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies

of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Applicable Premium**” means, with respect to any Note the greater of:

- (a) 1% of the principal amount of such Note; and
- (b) the excess (to the extent positive) of:
 - (A) the present value at such redemption date of (1) the redemption price of such Note at April 15, 2027 (such redemption price (expressed in percentage of principal amount) being set forth in the table under the heading “*Optional Redemption*” (excluding accrued and unpaid interest)), *plus* (2) all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and April 15, 2027 (excluding accrued but unpaid interest to (but excluding) the redemption date), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; over
 - (B) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee, or any Paying Agent, Transfer Agent or Registrar.

“**Asset Disposition**” means any direct or indirect sale, lease (other than any operating lease), transfer, issuance or other disposition, or a series of related sales, leases (other than any operating lease), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary of the Issuer (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of inventory, trading stock, work-in-progress, security equipment or other equipment or assets in the ordinary course of business;
- (4) any of the following:
 - (i) any transfer or disposition of obsolete, damaged, abandoned, surplus, worn out or permanently retired equipment or facilities, units, divisions or other assets that are no longer economically practical to maintain or used or useful in the conduct of the Issuer’s and any Restricted Subsidiary’s business, including in connection with industrial reorganizations or discontinued or restructured operations;
 - (ii) any disposition in connection with a Tax Sharing Agreement; and
 - (iii) any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;
- (5) transactions permitted under “—*Certain Covenants—Merger and Consolidation*” or a transaction that constitutes a Change of Control;

- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer or the issuance or sale of directors' qualifying shares and shares issued to individuals as required by applicable law;
- (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) not exceeding the greater of €30.0 million and 15.0% of Consolidated EBITDA;
- (8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment (or a transaction that would constitute a Restricted Payment but for the exclusions from the definition thereof) or Permitted Investment or, solely for purposes of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," dispositions the proceeds of which are used to make such Restricted Payments or Permitted Investments;
- (9) the granting of Liens not prohibited by the covenant described above under the caption "*Certain Covenants—Limitation on Liens*";
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;
- (11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;
- (12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse and on customary or commercially reasonable terms) of Securitization Assets, other accounts receivable or notes receivable, or the conversion or exchange of accounts receivable for notes receivable;
- (14) sales or dispositions of Securitization Assets in connection with any Qualified Securitization Financing, any Permitted Recourse Securitization Financing or any other financing permitted by clause (12) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" that arise in the ordinary course of business;
- (15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (18) an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under "*Limitation on Indebtedness*";

- (19) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant;
- (20) any disposition with respect to property or assets built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;
- (21) the disposition of assets to a Person that is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets;
- (22) the disposition of any assets (including Capital Stock) made in connection with the approval of any applicable antitrust or competition authority or otherwise necessary or advisable in the good faith determination of the Issuer to consummate any acquisition, provided that any cash or Cash Equivalents received in such disposition are applied in accordance with the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant; and
- (23) any transfer or disposition of facilities, units, divisions or other assets to a Person made pursuant to legally binding commitments in connection with the disposal and transfer of the Group's Subsidiaries and operations in Brazil and Turkey.

in each case, provided that in the event that a transaction (or any portion thereof) meets more than one category of a permitted Asset Disposition and/or Permitted Investment or an Investment permitted under the covenant “—*Certain Covenants—Limitation on Restricted Payments*,” the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) in any manner that complies with this definition and/or one or more of the types of Permitted Investments or Investments permitted under the covenant “—*Certain Covenants—Limitation on Restricted Payments*.”

“**Associate**” means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

“**Bank Products**” means any facilities or services related to (i) cash management, cash pooling, tax, treasury, payroll, depository, overdraft, BACS, CHAPS, payment lines, credit or debit card, purchase card, electronic funds transfer, open credits, contingent obligation lines, the collection of cheques, deposits and direct debits and (ii) daylight or treasury exposures of the Issuer or any of its Restricted Subsidiaries in respect of banking and treasury arrangements entered into in the ordinary course of business.

“**Belgian Listed Company Requirements**” means the applicable rules and regulations of Euronext Brussels or such other stock exchange on which the ordinary shares of the Issuer are admitted for trading (including, without limitation, applicable provisions with respect to deadlines for making publicly available certain information) and/or the Belgian Royal Decree of 14 November 2007 regarding the obligations of issuers of financial instruments admitted to a regulated market, as amended.

“**Board of Directors**” means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board of directors or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors

(whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the “Board of Directors of the Issuer” under the Indenture may be exercised by the Board of Directors of a Restricted Subsidiary pursuant to a delegation of powers of the Board of Directors of the Issuer. Unless the context requires otherwise, “Board of Directors” means the Board of Directors of the Issuer.

“**Bund Rate**” means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two business days in Frankfurt (but not more than five business days in Frankfurt) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or an Officer of the Issuer)) most nearly equal to the period from the redemption date to April 15, 2027; *provided, however*, that if the period from the redemption date to April 15, 2027 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to April 15, 2027 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used, provided that if such rate is less than zero, the Bund Rate shall be deemed to be zero.

“**Business Day**” means any calendar day other than a Saturday or Sunday on which the NBB-SSS is operating and which is a business day for TARGET and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

“**Capitalized Lease Obligation**” means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be capitalized and reflected as a liability on a balance sheet (excluding footnotes thereto) prepared under IFRS and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty (excluding for the avoidance of doubt any operating leases complying with the definition thereof).

“**Capital Stock**” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“**Cash Equivalents**” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or the relevant member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;
- (2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof or cash in credit balance or deposit which are freely transferable or convertible within 90 days, in each case, issued or held by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least “A-3” or the equivalent thereof by S&P or at least “P-3” or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
- (4) commercial paper rated at the time of acquisition thereof at least “A-3” or the equivalent thereof by S&P or “P-3” or the equivalent thereof by Moody’s, or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization if both of the two named rating agencies cease publishing ratings of investments, or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
- (5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody’s or S&P (or, if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
- (6) Indebtedness or preferred stock issued by Persons with a rating of “BBB-” or higher from S&P or “Baa3” or higher from Moody’s (or, if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
- (7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (8) interests in investment funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition;
- (9) the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date;
- (10) all items treated as cash and cash equivalents under IFRS; and
- (11) all other investments in accordance with normal investment practices for cash management in investments of a type analogous to any of the foregoing.

“Cash Management Services” means any of the following to the extent not constituting a line of credit (other than an overnight draft facility that is not in default): automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business.

“Change of Control” means the occurrence of any of the following:

- (1) the Issuer becoming aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, becoming the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided* that for the purposes of this clause, any Voting Stock of which any Permitted Holder is the “beneficial owner” (as so defined) shall not be included in any Voting Stock of which any “person” or “group of related

persons” is the “beneficial owner” (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than the Issuer, a Restricted Subsidiary or one or more Permitted Holders.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control if (i) the Issuer becomes a direct or indirect Subsidiary of a parent company and either (1) the direct or indirect holders of the Voting Stock of such parent company immediately following that transaction are substantially the same as the holders of the Parent Guarantor's Voting Stock immediately prior to that transaction or (2) immediately following that transaction no “person” or “group” (each as defined in clause (a) of this definition), other than one or more Permitted Holders or a parent company satisfying the requirements of this sentence, is the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent company having a majority of the aggregate votes on the Board of Directors of such parent company (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) will not cause a party to be a beneficial owner, (c) any Voting Stock beneficially owned by any Permitted Holder shall not be included in any Voting Stock of which any other person or group is the beneficial owner so long as such other person or group does not have greater voting power with respect to such Permitted Holder's Voting Stock; (d) the transfer of assets between or among the Issuer and any Restricted Subsidiaries shall not itself constitute a Change of Control; and (e) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the Board of Directors of such parent entity.

“**Clearstream**” means Clearstream Banking AG, Frankfurt or Clearstream Banking Luxembourg S.A., as applicable, in each case as currently in effect or any successor securities clearing agency.

“**Commodity Hedging Agreements**” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements) to which such Person is a party or a beneficiary.

“**Consolidated EBITDA**” for the period of the four most recent consecutive fiscal quarters ending prior to the relevant date of determination for which internal consolidated financial statements of the Issuer are available, means, without duplication, the Consolidated Net Income for such period plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) Consolidated Income Taxes;
- (3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) of the Issuer and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period) for such period;
- (4) any expenses, charges or other costs for such period related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage

the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence, issuance, redemption or refinancing of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, as determined in good faith by the Board of Directors or an Officer of the Issuer;

- (5) any foreign currency losses of the Issuer and its Restricted Subsidiaries (less any foreign currency gains) for such period;
- (6) any minority interest expense consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking, except to the extent of dividends declared or paid on, or other cash payments in respect of, equity interests held by such parties;
- (7) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items *less* other non-cash items of income increasing Consolidated Net Income (excluding (i) any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period or a reversal of a reserve for cash charges in any future period or (ii) items related to percentage of completion accounting);
- (8) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;
- (9) payments received, or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by the relevant Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income for such Person; and
- (10) any Securitization Fees and discounts on the sale of accounts receivables in connection with any Qualified Securitization Financing or Permitted Recourse Securitization Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period;
- (11) restructuring, business optimization costs, charges or reserves (including any unusual or non-recurring operating expenses directly attributable to the implementation of cost savings initiatives), recruiting fees, fees of restructuring or business optimization consultants, integration and non-recurring severance, relocation costs, one-time compensation charges, consolidation, transition, integration or other similar charges and expenses, contract termination costs, excess pension charges, system establishment charges, start-up or closure or transition costs, expenses related to any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, fees, expenses or charges relating to curtailments or modifications to pension and post-retirement employee benefit plans and litigation settlements or losses outside the ordinary course of business;
- (12) to the extent included in determining such Consolidated Net Income, any gains for such period attributable to early extinguishment of Indebtedness or obligations under any Currency Agreement or Hedging Obligations, all determined on a consolidated basis in accordance with IFRS; plus

- (13) adjustments and add-backs similar to those or of the nature of those made in calculating “Adjusted EBITDA” in this Offering Memorandum.

In addition, Consolidated EBITDA for purposes of the percentage grower component of any basket set forth in any covenant of the Indenture shall be measured for the Issuer and its Restricted Subsidiaries and for the period of the most recent four consecutive fiscal quarters ending prior to the date of determination for which internal consolidated financial statements of the Issuer are available, with such pro forma adjustments giving effect to such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations, operational changes or other transactions, as applicable, as are consistent with the pro forma adjustments set forth in the definition of “Fixed Charge Coverage Ratio.”

“Consolidated Income Taxes” means, for any period, taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

“Consolidated Interest Expense” means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations (with interest in respect of a Capitalized Lease Obligation being deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS);
- (2) amortization of original issue discount but excluding amortization of debt issuance costs, fees, commissions and expenses and the expensing of any finance costs;
- (3) non-cash interest expense;
- (4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);
- (5) the consolidated interest expense that was capitalized during such period; and
- (6) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus, to the extent included above, (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) any Additional Amounts with respect to the Notes included in interest expense under IFRS or other similar tax gross-up on any Indebtedness included in interest expense under IFRS, (iv) expenses of bridge, commitment and other financing fees and (v) interest expense on factoring agreements. Consolidated Interest Expense shall not include any interest expense relating to Subordinated Shareholder Funding.

“Consolidated Net Income” means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer’s equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other

distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary (including, without limitation, pursuant to any of the Revolving Credit Facility), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable (as determined in good faith by the Board of Directors or an Officer of the Issuer) to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions specified in the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*”), except that the Issuer’s equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (as reasonably determined by an Officer or the Board of Directors of the Issuer) (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale and leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);
- (4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including, without limitation, any expenses, losses, charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, undertaking or implementation of strategic initiatives, operating expense reductions and other operating improvements. costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events), each as determined in good faith by an Officer or the Board of Directors of the Issuer;
- (5) the cumulative effect of a change in accounting principles;
- (6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards (including, without limitation, restricted stock units and performance stock units), any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after-tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”;

- (7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;
- (8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (9) any unrealized foreign currency translation or transaction gains or losses;
- (10) any net gain from disposed, abandoned, ceased or discontinued operations, and services and any net gain on disposal of disposed, discontinued, ceased or abandoned operations;
- (11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related any acquisition of, merger or consolidation with, another Person or business (including as a result of purchase accounting) or resulting from any reorganization or restructuring or incurrence of Indebtedness involving the Issuer or its Restricted Subsidiaries;
- (12) any goodwill or other intangible asset impairment charge or write-off or write-down;
- (13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding; and
- (14) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists a reasonable basis that such amount will (a) not be denied by the applicable carrier in writing within 180 days and (b) in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction in the applicable future period for any amount so excluded to the extent not so reimbursed within such 365-day period), expenses, charges or losses with respect to liability or casualty events or business interruption;

provided, further, that for purposes of solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under “*Certain Covenants—Limitation on Restricted Payments*,” any negative impact on Consolidated Net Income from cumulative translation adjustments in connection with, or arising out of, the disposal of the Group’s Subsidiaries and operations in Turkey and Brazil shall be disregarded.

“Consolidated Net Leverage” means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries Incurred under the first paragraph and clauses (1), (4), (5), (7), (11), (12), (13), (15) and (16) of the definition of Permitted Indebtedness less cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, in each case, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

“Consolidated Net Leverage Ratio” means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the Issuer and its Restricted Subsidiaries for the most recently ended Relevant Testing Period. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than Indebtedness under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the **“Calculation Date”**), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other

discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

- (1) acquisitions and Investments (each, a **"Purchase"**) that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) and may include expense and cost savings and synergies which are reasonably anticipated to be realized within the next 24 months following the Calculation Date and do not exceed 25% of the applicable Consolidated EBITDA (as calculated pursuant to the definition of Consolidated EBITDA and after giving effect to all such expense and cost savings and synergies) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;
- (2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account expense and cost savings and synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Issuer, *provided* that such expense and cost savings and synergies are reasonably anticipated to be realized within the next 24 months following the Calculation Date and do not exceed 25% of the applicable Consolidated EBITDA (as calculated pursuant to the definition of Consolidated EBITDA and after giving effect to all such expense and cost savings and synergies));
- (3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period; and
- (4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (*"primary obligations"*) of any other Person (the **"primary obligor"**), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
 - (a) for the purchase or payment of any such primary obligation; or
 - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“Credit Facility” means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including, without limitation, through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including, without limitation, any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, foreign exchange forward contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or any of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “—*Certain Covenants—Limitation on Restricted Payments.*” For purposes of this definition, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of

such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value shall be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

“Equity Offering” means (x) a sale of Capital Stock of the Issuer or a Restricted Subsidiary (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than offerings to the Issuer or any Restricted Subsidiary), or (y) the sale of Capital Stock or other securities by any Person (other than to the Issuer or a Restricted Subsidiary), the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term *“Escrowed Proceeds”* shall include any interest earned on the amounts held in escrow.

“Euroclear” means Euroclear Bank SA/NV or any successor securities clearing agency.

“European Government Obligations” means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“European Union” means all members of the European Union as of January 1, 2004. For the avoidance of doubt, all references to the “European Union” or a “member” of the European Union shall include the United Kingdom.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“Excluded Contribution” means the Net Cash Proceeds or the fair market value of property or assets received (with such fair market value being measured at the time received and without giving effect to subsequent changes in value) by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Issuer.

“fair market value” means, with respect to any asset or property (and except as otherwise provided), the sale value that would be obtained in an arm’s-length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by (unless provided otherwise in the Indenture) the Board of Directors or a member of senior management of the Issuer.

“Fixed Charge Coverage Ratio” means, with respect to any Person and as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the recently ended Relevant Testing Period to (y) the Fixed Charges of such Person for such period.

In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock of a Restricted Subsidiary, in each case, subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the **“Calculation Date”**), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of such period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under *“—Certain Covenants—Limitation on Indebtedness”* (other than Indebtedness Incurred pursuant to clause (5) of such second paragraph) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described in the second paragraph of the covenant described above under *“—Certain Covenants—Limitation on Indebtedness”* (other than Indebtedness discharged on such Calculation Date using proceeds of Indebtedness Incurred pursuant to clause (5) of such second paragraph).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions or Investments (each, a **“Purchase”**) that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of expense and cost savings and synergies which are reasonably anticipated to be realized within the next 24 months following the Calculation Date and provided that such expense and cost savings and synergies do not exceed 25% of the applicable Consolidated EBITDA (as calculated pursuant to the definition of Consolidated EBITDA and after giving effect to all such expense and cost savings and synergies) as if such Purchase had occurred on the first day of such period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses or groups of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses or groups of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

- (4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such period;
- (5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such period; and
- (6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the Consolidated Interest Expense of such Person for such period; *plus*
- (2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Capital Stock payable to the Issuer or a Restricted Subsidiary.

“Governmental Authority” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“Group” means the Issuer and its Subsidiaries.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Guarantor” means (i) the Initial Guarantors and (ii) any other Restricted Subsidiary that Guarantees the Notes from time to time. **“Hedging Obligations”** of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

“Holder” means (i) in respect of Dematerialized Notes at anytime, any Person who is at such time shown in the records of the NBB-SSS or of any qualified participant therein (including Euroclear and Clearstream) as the holder of a specified principal amount of Notes or (ii) in respect of Definitive Registered Notes at any time, any Person who is at such time shown in the register of the Registrar as the holder of a specified principal amount of Notes.

“IFRS” means International Financial Reporting Standards (formerly International Accounting Standards, **“IAS”**) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the

Indenture, all ratios and calculations contained in the Indenture shall be computed in accordance with IFRS; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “IFRS” shall mean (for all purposes under the Indenture or solely for purposes of ratios, baskets, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture), except as otherwise provided in the Indenture, IFRS as in effect on a date that is on or prior to the date of such election but after the Issue Date.

“**Incur**” means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary, and the terms “Incurred” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall, except as otherwise provided in the Indenture, only be “Incurred” at the time any funds are borrowed thereunder.

“**Indebtedness**” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of indebtedness of such Person for borrowed money;
- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (5) Capitalized Lease Obligations of such Person;
- (6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;
- (8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal on such date of determination to the termination value under such agreement or arrangement giving rise to such obligation that would be payable by such Person on such date of determination);

in each case, only to the extent it appears as a liability on the balance sheet in accordance with IFRS. The term “**Indebtedness**” shall not include: (i) non-interest bearing instalment obligations and accrued liabilities Incurred in the ordinary course of business that are (a) not more than 180 days past due or (b) more than

180 days past due but with the consent of the payee or as the result of a *bona fide* ongoing negotiation over such liabilities; (ii) any pension obligations of the Issuer or a Restricted Subsidiary; (iii) debt Incurred by the Issuer or one of the Restricted Subsidiaries in connection with a transaction where (a) such debt is borrowed from a bank or trust company organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, the United Kingdom, Switzerland, Norway or Canada or any commercial banking institution that is a member of the U.S. Federal Reserve System, in each case having a combined capital and surplus and undivided profits of not less than €250.0 million, whose long-term, unsecured, unsubordinated and unguaranteed debt has a rating immediately prior to the time such transaction is entered into, of “BBB-” or higher by S&P, “Baa3” or higher by Moody’s or the equivalent rating category of another internationally recognized rating agency and (b) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such debt, or a Subsidiary or affiliate thereof, in amount equal to such debt; (iv) obligations under a Tax Sharing Agreement, up to an amount not to exceed, with respect to such obligations, the amount of such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis, or on a consolidated basis if the Issuer and the Restricted Subsidiaries had paid Taxes on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries; (v) any guarantee, indemnity, bond, standby letter of credit or similar instrument in respect of commercial obligations of the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such guarantees, indemnities, bonds or letters of credit are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if to be reimbursed, are reimbursed no later than the thirtieth Business Day following receipt by such Person of a demand for reimbursement following payment on the guarantee, indemnity, bond or letter of credit; (vi) Subordinated Shareholder Funding; (vii) in connection with any previous or future purchase by the Issuer of any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not definitively determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter; (viii) any lease, concession or license of property (or guarantee thereof) that does not constitute a Capitalized Lease Obligation or an operating lease; (ix) Cash Management Services; (x) Contingent Obligations Incurred in the ordinary course of business; (xi) any liabilities under any put/call arrangement or in connection with the temporary roll-up of vendor loans, notes or similar financings and/or minority interests in respect of a purchase, acquisition or other Investment not prohibited by the Indenture; (xii) obligations under or in respect of Qualified Securitization Financings; and (xiii) any obligations arising as a result of cash held on behalf of customers or consumers.

Except as otherwise provided in the Indenture, amount of Indebtedness of any Person at any time in the case of a revolving credit facility or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

For the avoidance of doubt, accrued interest and unamortized portion of debt issuance or incurrence costs with respect to any Indebtedness shall not constitute Indebtedness. For purposes of this definition, the “maximum fixed repurchase price” of any Disqualified Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value will be determined in good faith

by the Board of Directors of the Issuer of such Disqualified Capital Stock; *provided*, that if such Disqualified Capital Stock is not then permitted to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Disqualified Capital Stock as reflected in the most recent financial statements of such Person.

“Interest Rate Agreement” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“Investment” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property or assets to others or any payment for property or assets or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the fourth paragraph of the covenant described above under the caption “*—Certain Covenants—Limitation on Restricted Payments.*”

For purposes of “*—Certain Covenants—Limitation on Restricted Payments.*”:

- (1) “Investment” will include the portion (proportionate to the Issuer’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

“Investment Grade Securities” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);
- (3) debt securities or debt instruments with a rating of “BBB –” or higher from S&P or “Baa3” or higher by Moody’s or the equivalent of such rating by such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings

Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and
- (5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

“Investment Grade Status” shall occur when all of the Notes receive both the following:

- (1) a rating of “BBB –” or higher from S&P; and
- (2) a rating of “Baa3” or higher from Moody’s,

or the equivalent of such rating by either such rating organization or, if no rating of Moody’s or S&P, as applicable, then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

“ISIN” means international securities identification number as assigned in accordance with International Organization for Standardization (ISO)-6166.

“Issue Date” means April 3, 2025.

“Issuer” means Ontex Group NV or any Successor Issuer in accordance with the Indenture.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Management Advances” means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Issuer or any Restricted Subsidiary:

- (1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer or its Subsidiaries with (in the case of this sub-clause (b)) the approval of the Board of Directors;
- (2) in respect of moving-related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) (in the case of this clause (3)) not exceeding the greater of €2.5 million and 2.0% of Consolidated EBITDA in the aggregate outstanding at any time.

“Management Investors” means (i) the officers, directors, employees and other members of the management of, or consultants to, the Issuer or any of its Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Restricted Subsidiary.

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Issuer on the date of the declaration of the relevant dividend or the making of the relevant cash payments, advances, loans or expense reimbursements on Capital Stock multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding such date.

“Moody’s” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“Nationally Recognized Statistical Rating Organization” means a nationally recognized statistical rating organization within the meaning of section 3(a)(62) of the Exchange Act.

“Net Available Cash” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent for such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders (other than the Issuer or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

“Net Cash Proceeds,” with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding or equity contribution, means the cash proceeds of such issuance, sale or equity contribution net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

“Revolving Credit Facility” means the €270.0 million revolving credit facility made available under the Revolving Credit Facility Agreement.

“Revolving Credit Facility Agreement” means the credit facility agreement, dated November 27, 2024, among, inter alios, the Issuer, the Initial Guarantors, KBC Bank NV, BNP PARIBAS Fortis SA/NV, HSBC Continental Europe and Goldman Sachs International Bank as bookrunners, the financial institutions named therein as mandated lead arrangers, lead arrangers, arrangers KBC Bank NV and ING Belgium SA/NV as sustainability coordinators and KBC Bank NV as agent, as amended, restated, supplemented, refinanced, replaced or otherwise modified from time to time.

“Notes Documents” means, collectively, the Notes (including Additional Notes issued from time to time) and the Indenture.

“Offering Memorandum” means this Offering Memorandum in relation to the offering of the Notes issued on the Issue Date.

“Officer” means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a)

of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an “Officer of the Issuer” may be exercised by the Officer of any Restricted Subsidiary or the Issuer who has been delegated such authority by the Board of Directors of the Issuer.

“**Officer’s Certificate**” means, with respect to any Person, a certificate signed by one Officer of such Person.

“**operating lease**” means any lease obligations in which a significant portion of the risks and rewards of ownership of relevant property or asset are not transferred to the lessee, including any lease that would have been treated, classified and accounted for as an operating lease under IAS 17 as in effect on December 31, 2018.

“**Opinion of Counsel**” means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

“**Pari Passu Indebtedness**” means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

“**Paying Agent**” means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer, which shall include the Paying Agent.

“**Permissible Jurisdiction**” means any member state of the European Union.

“**Permitted Asset Swap**” means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities received in excess of the value of any cash or Cash Equivalents, Temporary Cash Investments or Investment Grade Securities sold or exchanged must be applied in accordance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“**Permitted Holders**” means, collectively, (1) one or more Management Investors; (2) any Related Person of any Management Investor; and (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of the Issuer, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“**Permitted Investment**” means (in each case, by the Issuer or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in a Person if as a result of such Investment such Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;
- (3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business or Investments in connection with any Qualified Securitization Financing or Permitted Recourse Securitization Financing;

- (5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) (x) Management Advances and (y) any advances or loans (in the case of this clause (y) not to exceed €2.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Issuer);
- (7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”;
- (9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date, or (b) as otherwise permitted under the Indenture;
- (10) Hedging Obligations Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €92.0 million and 41.0% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;
- (12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding as consideration;
- (14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those described in clauses (1), (3) and (9) of that paragraph);
- (15) Guarantees not prohibited by the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

- (16) Investments consisting of purchases and acquisitions of assets or services, loans or advances made to distributors, suppliers or lessors or customary trade arrangements or Investments made in connection with obtaining, maintaining or renewing client contacts, in each case, made in the ordinary course of business or consistent with past practice;
- (17) Investments in Associates, joint ventures or Unrestricted Subsidiaries, when taken together with all other Investments made pursuant to this clause (17) that are at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €80.0 million and 35.0% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the Indenture, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;
- (18) Investments in loans under the Revolving Credit Facility, the Notes and any Additional Notes and any other Indebtedness of the Issuer and its Restricted Subsidiaries;
- (19) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Certain Covenants—Merger and Consolidation,*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (20) Investments in, represented by or in respect of, or constituting, Bank Products; and
- (21) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits entered into in the ordinary course of business.

"Permitted Liens" means, with respect to any Person:

- (1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;
- (2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including, without limitation, carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's, pension plan administrator's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

- (5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;
- (6) encumbrances, ground leases, servitudes, easements (including, without limitation, reciprocal easement or servitude agreements), survey exceptions, or reservations of, or rights of others (whether contractual or pursuant to applicable law) for, licenses, rights of way, right of use, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;
- (7) Liens (a) arising in respect of Bank Products or (b) on property or assets of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;
- (8) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights);
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of, or leased by, the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance, the acquisition, improvement or construction of, or leasing of assets or property acquired or constructed or leased; *provided* that (a) the aggregate principal amount of Indebtedness secured or covered by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property (and proceeds dividends or distributions in respect thereof);
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases or leases not constituting Capitalized Lease Obligations entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for or required to be granted underwritten agreements existing on, the Issue Date;
- (14) Liens on property, other assets or shares of Capital Stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of Capital Stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided, however*, that (i) such Liens are not created, Incurred or assumed in

anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or Capital Stock) and (ii) such Liens are limited to all or part of the same property, other assets or Capital Stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or Capital Stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

- (15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;
- (16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
- (17) any interest or title of a lessor under any operating lease or any lease not constituting a Capitalized Lease Obligation;
- (18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
- (19) any Lien, encumbrance or other restriction (including put and call arrangements) with respect to Capital Stock of or other ownership interests in, or assets owned by, any joint venture, minority interest arrangement or similar investment or arrangement (and/or related assets, including shares or other ownership interests in any special purpose vehicle holding any such assets) pursuant to any joint venture, minority interest or other similar agreement, and any Lien constituting a Permitted Investment;
- (20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (21) Liens on Securitization Assets Incurred in connection with a Qualified Securitization Financing or otherwise incurred in connection with the sale or discount of accounts receivable or notes receivable or a Permitted Recourse Securitization Financing;
- (22) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities or pursuant to any derivative or hedging transaction, or liens over cash accounts securing cash pooling arrangements or otherwise incurred in connection with a cash management program or cash pooling established in the ordinary course of business;
- (23) Liens arising under general business conditions in the ordinary course of business, including, without limitation, the general business conditions of any bank or financial institution with whom the Issuer or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including, without limitation, arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);
- (24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

- (25) Liens securing Indebtedness or other obligations of a Securitization Subsidiary;
- (26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary or any of its Subsidiaries;
- (27) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;
- (28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, and (b) Liens securing Indebtedness under clauses (11), (15), (16) and (17) of the definition of Permitted Indebtedness;
- (29) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of €105.0 million and 46.0% of Consolidated EBITDA;
- (30) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in each case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;
- (31) Liens on insurance policies and proceeds thereof, or deposits, to secure insurance premium financings;
- (32) Liens arising pursuant to an order of attachment or injunction restraining disposal of assets or similar legal process and any other Liens arising in connection with court proceedings which are contested by the Issuer or any Restricted Subsidiary in good faith;
- (33) Liens on cash, Cash equivalents or other assets arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (34) Liens arising by operation of law (or by agreement to the same effect) in the ordinary course of business and not as a result of any default or omission on the part of the Issuer or any Restricted Subsidiary;
- (35) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary, provided that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net cash proceeds of such disposal; and
- (36) Liens over treasury stock of the Issuer or a Restricted Subsidiary purchased or otherwise acquired for value by the Issuer or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness. In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole and absolute discretion may divide, classify or from time to time divide or classify or later divide or reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been divided, classified or reclassified.

"Permitted Recourse Securitization Financing" means any financing other than a Qualified Securitization Financing pursuant to which the Issuer or any Restricted Subsidiary may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any accounts receivable (and related

assets) in an aggregate principal amount at least equal to the fair market value of such accounts receivable (and related assets) of the Issuer or any Restricted Subsidiary; provided that the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) at the time such financing is entered into.

“Permitted Reorganization” means any amalgamation, demerger, merger, liquidation, consolidation, sale, combination, dissolution, reorganization, winding up, corporate reconstruction disposal or transfer of assets or Capital Stock, directly or indirectly, in one or a series of related transactions (a **“Reorganization”**) involving any of the Restricted Subsidiaries of the Issuer that is made on a solvent basis; *provided* that (i) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries and (ii) if any of the Guarantees are released pursuant to *“—Guarantees—Releases of Guarantees,”* substantially equivalent Guarantees must be granted by a surviving entity, if any.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“Preferred Stock,” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“Purchase Money Obligations” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“Qualified Securitization Financing” means any transaction or series of transactions that may be entered into by the Issuer or any of its Restricted Subsidiaries pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (a) a Securitization Subsidiary or (b) any other Person, or may grant a security interest in, any Securitization Assets (whether now existing or arising in the future) of the Issuer or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all contracts and all guarantees or other obligations in respect of such Securitization Assets and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitizations, receivable sale facilities, factoring facilities or invoice discounting facilities involving receivables; *provided* that such Qualified Securitization Financing are entered into in the ordinary course of business or the Board of Directors will have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the applicable Restricted Subsidiary or Securitization Subsidiary.

“refinance” means refinance, refund, replace, exchange, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “refinances,” “refinanced” and “refinancing” as used for any purpose in the Indenture shall have a correlative meaning.

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred thereafter in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);
- (3) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, such Refinancing Indebtedness is subordinated to the Notes or the relevant Guarantee on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred prior to, in anticipation of, or within 180 days after, the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“Related Person” with respect to any Permitted Holder, means:

- (1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or
- (4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

“Relevant Testing Period” means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including, without limitation, those based on Consolidated EBITDA, Fixed Charge Coverage Ratio and Consolidated Net Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to the covenant “—*Certain Covenants—Reports*” or, at the option of the Issuer, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

“Replacement Assets” means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used or useful in the Issuer’s business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any Officer of the Issuer are reasonably related.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the applicable corporate trust services department of the Trustee, including any director, assistant director, trust manager, deputy trust manager, assistant trust manager, vice president, assistant vice president, assistant treasurer, senior trust officer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person’s knowledge of and familiarity with the particular subject and who, in each case, shall have direct responsibility for the administration of the Indenture.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“S&P” means S&P Global Ratings or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“Sale and Leaseback Transaction” means any arrangement providing for the leasing by the Issuer or any of the Restricted Subsidiaries of any property or asset, which property or asset has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third person in contemplation of such leasing.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“Securitization Assets” means (1) any accounts receivable, mortgage receivables, loans receivables, inventory, royalty, franchise fee, license fee, patent, rent or other revenue streams and other rights to payment (whether now existing or arising in the future) and any assets related thereto and the proceeds thereof (including, without limitation, real property, intellectual property, inventory equipment all contracts and all guarantees or other obligations in respect of accounts receivable, the proceeds of such receivables, the bank accounts into which the proceeds of such receivables are collected and other assets which are customarily transferred, or in respect of which security interests are customarily granted) and (2) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, bank accounts, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, receivable sale transaction, invoice discounting, factoring or other similar transaction.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Securitization Financing or any other financing permitted by clause of (2)(12) of “*Certain Covenants—Limitation on Indebtedness.*”

“Securitization Repurchase Obligation” means any obligation of a seller of or grantor of security interests in Securitization Assets to repurchase or otherwise make payments with respect to Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or

counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“Securitization Subsidiary” means a Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Securitization Financing, or any other financing permitted by clause of (2)(12) of *“—Certain Covenants—Limitation on Indebtedness,”* with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers Securitization Assets and related assets) which engages in no activities other than in connection with the financing of Securitization Assets of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors (as provided below) as a Securitization Subsidiary and:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold Securitization Assets by the Issuer or any other Restricted Subsidiary, other than pursuant to Standard Securitization Undertakings, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Issuer nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and
- (3) to which neither the Issuer nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results.

“Significant Subsidiary” means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Issuer’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“Similar Business” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions.

“Standard Securitization Undertakings” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Qualified Securitization Financing, including those relating

to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in “*Change of Control*” and the covenant under “*Limitation on Sales of Assets and Subsidiary Stock*,” to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“Subordinated Indebtedness” means, with respect to the Issuer or any Guarantor, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or the relevant Guarantee, as the case may be, pursuant to a written agreement.

“Subordinated Shareholder Funding” means, collectively, any funds provided to the Issuer by any direct or indirect shareholder of the Issuer, any Affiliate of any direct or indirect shareholder of the Issuer or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and
- (5) is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

“Subsidiary” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
 - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a

combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise; and

- (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“TARGET Settlement Day” means any day on which TARGET is open for the settlement of payments in euro.

“TARGET” means the real time gross settlement system operated by the Eurosystem, or any successor system.

“Taxes” means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

“Tax Sharing Agreement” means any tax consolidation agreement or any similar arrangements in respect of any consolidated, combined, affiliated or unitary tax group or an arrangement relating to the surrender of group relief to which the Issuer or any of the Restricted Subsidiaries is a party.

“Temporary Cash Investments” means any of the following:

- (1) any investment in:
 - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) a Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency investments are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or
 - (b) direct obligations of any country recognized by the United States of America rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers’ acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
 - (a) any lender under the Revolving Credit Facility;
 - (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or
 - (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in the case of (b) and (c), having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of “P-2” (or higher) according to Moody’s or “A-2” (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, a Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least “BBB-” by S&P or “Baa3” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least “A” by S&P or “A2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and
- (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

“Transactions” means collectively all of the transactions described in this Offering Memorandum under the caption *“Summary—The Transactions”* and the payment of all fees and expenses in connection therewith.

“Uniform Commercial Code” means the New York Uniform Commercial Code or the equivalent legislation of any other state of the United States.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation

or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or which is not otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Issuer in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments.*”

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary, *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the Fixed Charge Coverage Ratio first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer’s Certificate certifying such designation.

“**U.S. GAAP**” means generally accepted accounting principles in the United States of America as in effect from time to time.

“**Voting Stock**” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

Securities Settlement System operated by the National Bank of Belgium

The NBB is the central bank of Belgium.

Access to the NBB-SSS is available through those the NBB-SSS participants whose membership extends to securities such as the Notes. Investors and financial intermediaries can hold Notes within securities accounts opened with NBB-SSS participants. NBB-SSS participants include certain banks, stockbrokers (*sociétés de bourse/beursvennootschappen*), Euroclear, Euroclear France, Clearstream, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD, Iberclear and OeKB. For a description of the tax implications of the clearing of the Notes through the NBB-SSS, see "*Certain Tax Considerations*."

General

The Notes will be issued in dematerialized form in accordance with the Belgian Companies and Associations Code. The Notes cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB-SSS operated by the NBB or any successor thereof. Access to the NBB-SSS is available through Euroclear, Clearstream and the other NBB Participants.

Ownership of interests in the Notes (the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear, Clearstream and any other NBB Participant or persons that hold interests through such participants. The NBB-SSS, Euroclear, Clearstream and the other NBB Participants will hold interests in the Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by the NBB-SSSS, Euroclear, Clearstream and any other NBB Participants and their participants and in accordance with the applicable procedures of the NBB SSS, Euroclear and Clearstream or other NBB Participants. The Book-Entry Interests will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests.

In addition, participants must rely on the procedures of the NBB-SSS, Euroclear, Clearstream and any other NBB Participant and indirect participants must rely on the procedures of the NBB-SSS, Euroclear, Clearstream and the other NBB Participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes.

None of the Issuer, the Guarantors or the Trustee or any of their respective affiliates will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Notes

In the event that any Note is redeemed, Euroclear, Clearstream and any other NBB Participant, as applicable, will redeem the Book-Entry Interests in such Note from the amount received by them in respect of the redemption of such Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear, Clearstream and any other NBB Participant, as applicable, in connection with the redemption of such Note.

Payments on the Notes

All payments required to be made by the Issuer with respect to the Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made through the NBB-SSS, Euroclear, Clearstream and any other NBB Participant which will distribute such payments to participants in accordance with their respective customary procedures. The payment obligations of the Issuer under the Notes will be discharged by payment to the NBB in respect of each amount so paid.

The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants. Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for the proper performance by the NBB-SSS or its participants (including Euroclear, Clearstream and the other NBB Participants) of their obligations under their respective rules and operating procedures. A holder of Notes must rely on the procedures of the NBB-SSS, Euroclear, Clearstream and the other NBB Participants to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the NBB-SSS.

The Notes may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax, holding their securities in an exempt securities account (Exempt Account) that has been opened with a financial institution that is a direct or indirect participant of the NBB-SSS, including Euroclear, Clearstream and the other NBB Participants.

Currency of Payment for the Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Notes, will be paid to holders of interest in such Notes (the “**Holders**”) through the NBB-SSS, Euroclear, Clearstream and any other NBB Participant in Euros.

Transfers

Transfers between direct or indirect participants in the NBB-SSS will be effected between NBB Participants in accordance with the respective rules and operating procedures of the NBB Participants through which they hold their Notes and will be settled in immediately available funds.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only as described under “*Book-Entry, Delivery and Form*” and, if required, only if the transferor first delivers to the relevant Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. Please see “*Notice to Investors*.”

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will only receive Definitive Registered Notes:

- (i) if the Notes are held on behalf of the NBB and its participants (including Euroclear, Clearstream and the other NBB Participants) or any alternative clearing system appointed pursuant to the Notes and such clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system is available; or
- (ii) if the National Bank of Belgium so requests following an event of default under the Indenture; or

- (iii) if the owner of a Book-Entry Interest requests such exchange in writing delivered through the NBB-SSS, Euroclear, Clearstream and the other NBB Participants, as applicable, following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In such an event, the Issuer will instruct the NBB to cancel the relevant Notes and the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of the NBB-SSS, Euroclear, Clearstream and the other NBB Participants or the Issuer (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by such Indenture or applicable law. The Issuer will bear the cost in relation to such exchange. For the avoidance of doubt, in no event shall interests in the Notes be represented by securities in bearer form.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent and the Registrar shall be entitled to treat the registered holder of any Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream and the other NBB Participants, as applicable.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear, Clearstream and any other NBB Participant, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither the Issuer, any Guarantor nor any of the Initial Purchasers are responsible for those operations or procedures.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer.

In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of the transfer agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or any Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for its expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay,

redeem or purchase such Definitive Registered Note, as the case may be. Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. Please see “*Notice to Investors*.” Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Issuer’s Paying Agent in Dublin so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require.

The Issuer understands as follows with respect to the NBB Participants: the NBB Participants hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear, Clearstream and the other NBB Participants provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear, Clearstream and the other NBB Participants interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear, Clearstream and the other NBB Participants is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear, Clearstream or other NBB Participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Because NBB Participants can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear, Clearstream or other NBB Participant systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited.

Global Clearance and Settlement under the Book-Entry System

The Notes are listed on the Official List and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and any permitted secondary market trading activity in such Notes will, therefore, be required to be settled in immediately available funds.

Although NBB Participants currently follow the foregoing procedures in order to facilitate transfers of interests in the Notes among participants in the NBB Participants, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Registrar or the Paying Agents will have any responsibility for the performance by the NBB Participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in Euros. Book-Entry Interests owned through the NBB-SSS (including through Euroclear, Clearstream or any other NBB Participant) accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of NBB-SSS, Euroclear, Clearstream or other NBB Participant holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of the NBB-SSS, Euroclear, Clearstream or another NBB Participant and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

If Definitive Registered Notes are delivered, it will no longer be possible to trade such notes through the NBB-SSS, Euroclear, Clearstream and any other NBB Participant.

CERTAIN TAX CONSIDERATIONS

The tax legislation in force in the jurisdiction of a potential investor, in the Issuer's country of incorporation and in any other relevant jurisdiction may have an impact on the income which may be received from the Notes. The statements herein regarding taxation are based on the laws in force in Belgium as of the date of this Offering Memorandum and are subject to any changes in law, potentially with a retroactive effect. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes. Each prospective purchasers of the Notes should appreciate that, as a result of changing law or practice, the tax consequences may be different than stated below. Each prospective purchaser or beneficial owner of Notes should consult its tax advisor as to the Belgian tax consequences of any investment in, or ownership and disposition of, the Notes or that of any other relevant jurisdiction.

Without prejudice to the foregoing, investors should note that the new Belgian federal government has announced several tax measures in its governmental agreement which may potentially impact the tax overview set out below. By way of example, but without being exhaustive, the governmental agreement mentions that changes would be made to the tax on stock exchange transactions and the tax on securities accounts. As no draft legislative texts are available yet, this has not been taken into account for the below overview.

Belgium

For the purpose of the following general description, a Belgian resident for tax purposes is: (a) an individual subject to Belgian personal income tax (*personenbelasting/impôt des personnes physiques*) (i.e., an individual who has its domicile in Belgium or has its seat of wealth in Belgium, or a person assimilated to a Belgian resident for the purposes of Belgian tax law); (b) a legal entity subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*) (i.e., a company that has its principal establishment, or effective place of management (*voornaamste inrichting of zetel van bestuur of beheer/principal établissement ou siège de direction ou d'administration*) in Belgium and that is not excluded from the scope of the Belgian corporate income tax) (a company having its registered seat in Belgium is presumed, unless the contrary is proved, to have its principal establishment or effective place of management in Belgium); (c) an Organisation for Financing Pensions (*Organisme voor de Financiering van Pensioenen/Organisme de Financement de Pensions*) subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (d) a legal entity subject to Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) (i.e., an entity other than a legal entity subject to corporate income tax having its principal establishment, or its effective place of management in Belgium). A non-resident is a person or entity that is not a Belgian resident.

For the purposes of the following sections, "interest" includes (i) periodic interest income, (ii) any amounts paid by, or on behalf of, the Issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the Issuer), and (iii) assuming the Notes qualify as fixed income securities pursuant to Article 2, § 1, 8° of the Belgian Income Tax Code 1992 (*wetboek van de inkomenstenbelastingen 1992/code des impôts sur les revenus 1992*, the "**BITC**"), in case of a disposal of the Notes to any third party, other than the Issuer, between two interest payment dates the pro rata accrued interest corresponding to the period that the party selling the security held the Notes. "Fixed income securities" are defined as bonds, specific debt certificates issued by banks (*kasbon/bon de caisse*) and other similar securities, including securities where income is capitalized or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalized interest up to the maturity date of the security.

Belgian withholding tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Both Belgian domestic tax law and applicable tax treaties may provide for lower or zero rates subject to certain conditions and formalities.

Belgian interest withholding tax exemption for certain holders of Dematerialized Notes (X/N withholding tax exemption)

Payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the “**Eligible Investors**”, see hereinafter) in an exempt securities account (an “**Exempt Account**”) that has been opened with a financial institution that is a direct or indirect NBB Participant in the settlement system operated by the National Bank of Belgium (the “**NBB-SSS**”). Euroclear, Euroclear France, Clearstream, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD, Iberclear and OeKB are (a.o.) directly or indirectly NBB Participants for this purpose.

Holding the Notes through an Exempt Account in the NBB-SSS enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

NBB Participants must enter the Notes which they hold on behalf of Eligible Investors in an Exempt Account.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) (as amended from time to time) which include, *inter alia*:

- (i) Belgian resident companies subject to Belgian corporate income tax as referred to in Article 2, §1, 5°, b) of the BITC;
- (ii) without prejudice to Article 262, 1° and 5° of the BITC, institutions, associations or companies specified in Article 2, §3 of the Law of July 9, 1975 on the control of insurance companies other than those referred to in (i) and (iii) ;
- (iii) state regulated institutions (*parastatalen instellingen /organismes paraétatiques*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2° of the Royal Decree of August 27, 1993 implementing the BITC (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*, the “**RD/BITC**”);
- (iv) non-resident investors (*spaarders niet-inwoners/épargnants non-résidents*) whose holding of the Notes is not connected to a professional activity in Belgium, referred to in Article 105, 5° of the RD/BITC;
- (v) Belgian qualifying investment funds, recognized in the framework of pension savings, provided for in Article 115 of the RD/BITC;
- (vi) investors referred to in Article 227, 2° of the BITC subject to non-resident income tax (*belasting van niet-inwoners/impôt des non-résidents*) in accordance with Article 233 of the BITC and which have used the income generating capital for the exercise of their professional activities in Belgium;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the BITC;

- (viii) collective investment funds (such as investment funds (*beleggingsfondsen/fonds de placement*)) governed by foreign law which are an undivided estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alios*, Belgian resident investors who are individuals or non-profit making organizations, other than those mentioned under (ii) and (iii) above.

The above categories only summarize the detailed definitions contained in Article 4 of the Royal Decree of May 26, 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Upon opening of an Exempt Account, an Eligible Investor is required to provide the NBB Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the NBB-SSS as to the eligible status (although Eligible Investors must inform the NBB Participants of any changes to the information contained in the statement on their tax eligible status). However, NBB Participants are required to annually provide the National Bank of Belgium with listings of investors who have held an Exempt Account during the preceding calendar year.

An Exempt Account may be opened with an NBB Participant by an intermediary (an “**Intermediary**”) in respect of Notes that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is an Eligible Investor. In such case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These reporting and identification requirements do not apply to Notes held by Eligible Investors with Euroclear, Euroclear France, Clearstream, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD, Iberclear and OeKB or any other central securities depository (as defined in Article 2, 1, 1 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of July 23, 2014 on improving securities settlement in the European Union and on central securities depositories (“**CSD**”)) acting as Participants to the NBB-SSS (each a “**NBB-CSD**”), provided that the relevant NBB-CSD (i) only holds Exempt Accounts and (ii) is able to identify the holders for whom they hold Notes in such account. The Eligible Investors will need to confirm their status as Eligible Investor in the account agreement to be concluded with the relevant NBB-CSD. Moreover, the contracts which were concluded by the relevant NBB-CSD as Participants should include the commitment that all their clients, holder of an account, are Eligible Investors.

In accordance with the rules of the NBB-SSS, a holder of Notes who is withdrawing Notes from an Exempt Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the NBB-SSS.

Belgian tax on income and capital gains

This section summarizes certain matters relating to Belgian tax on income and capital gains in the hands of Eligible Investors. This section therefore does not address the tax treatment in the hands of investors that do not qualify as Eligible Investors such as Belgian resident individuals and Belgian legal entities.

Belgian resident individuals

The Notes may only be held by Eligible Investors.

Consequently, the Notes may not be held by Belgian resident individuals as they do not qualify as Eligible Investors.

Belgian resident companies

Interest attributed or paid to corporate holders of Notes which are Belgian residents for tax purposes, i.e. who are subject to the Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realized upon the disposal of the Notes, are taxable at the ordinary corporate income tax rate of in principle 25 per cent. Furthermore, small companies (as defined in Article 1:24, § 1 to § 6 of the Belgian Companies and Associations Code) may, under certain conditions, be taxable at the reduced corporate income tax rate of 20 per cent. for the first EUR 100,000 of their taxable base.

The Belgian withholding tax, if any, retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable, all in accordance with the applicable legal provisions.

Capital losses realized upon the sale of the Notes are in principle tax deductible.

Other tax rules apply to companies subject to a special tax regime, such as investment companies within the meaning of Article 185bis of the BITC.

Belgian resident legal entities

For Belgian legal entities subject to Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*), the withholding tax on interest will constitute the final tax in respect of such income. Belgian legal entities which qualify as Eligible Investors and which consequently have received gross interest income due to the fact that they hold the Notes through an Exempt Account with the NBB-SSS, are required (if such entities cannot invoke a final withholding tax exemption) to declare and pay a 30 per cent. withholding tax to the Belgian tax authorities themselves (which withholding tax then generally also constitutes the final taxation in the hands of the relevant investors).

Capital gains realized on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Organisations for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions*) within the meaning of the Law of October 27, 2006 on the activities and supervision of institutions for occupational retirement provision (*Wet van 27 oktober 2006 betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen/Loi du 27 octobre 2006 relative au contrôle des institutions de retraite professionnelle*), are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible.

Subject to certain conditions, any Belgian withholding tax that has been levied on interest income received by an Organisation for Financing Pensions can be credited against any corporate income tax due and any excess amount is in principle refundable.

Non-residents

Non-residents who use the Notes to exercise a professional activity in Belgium through a Belgian permanent establishment are in principle subject to practically the same tax rules as the Belgian resident companies (see above).

Holders of Notes who are non-residents of Belgium for Belgian tax purposes and who are not holding the Notes through a Belgian permanent establishment and do not invest the Notes in the course of their Belgian

professional activity, will in principle not incur or become liable for any Belgian tax on interest income or capital gains by reason only of the acquisition or disposal of the Notes provided that they qualify as Eligible Investors and that they hold their Notes in an Exempt Account.

Tax on stock exchange transactions

No tax on stock exchange transactions (*taks op beursverrichtingen/taxe sur les opérations de bourse*) is due on the issuance of the Notes (primary market transaction).

A tax on stock exchange transactions will be levied on the acquisition and disposal (and any other transaction for consideration) of Notes on the secondary market if such transaction is (i) concluded or carried out in Belgium through a professional intermediary or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by a private individual with habitual residence (*gewone verblijfplaats/résidence habituelle*) in Belgium or by a legal entity for the account of its seat or establishment in Belgium (both referred to as a “**Belgian Investor**”).

The rate applicable for secondary sales and purchases of Notes in Belgium through a professional intermediary is 0.12 per cent., with a maximum amount of EUR 1,300 per transaction and per party.

The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. However, if the intermediary is established outside of Belgium the tax on stock exchange transactions will in principle be due by the Belgian Investor (who will be responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due), unless that Belgian Investor can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium.

In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderell/bordereau*), at the latest on the business day after the day on which the relevant transaction was realized. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a qualifying agent day-to-day listing, numbered in series. Alternatively, professional intermediaries established outside Belgium have the possibility to appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (a “**Stock Exchange Tax Representative**”). Such Stock Exchange Tax Representative will then be jointly liable toward the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes — see below) and to comply with the reporting obligations and the obligations relating to the order statement (*borderell/bordereau*) in that respect. If such a Stock Exchange Tax Representative has paid the tax on stock exchange transactions due, the relevant Belgian Investor will, as per the above, no longer be required to pay the tax on stock exchange transactions.

The tax on stock exchange transactions will not be payable by exempt persons acting for their own account, including investors who are not Belgian residents provided they deliver an attestation to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126/1 2° of the code of miscellaneous duties and taxes (*wetboek diverse rechten en taksen/code des droits et taxes divers*).

As stated below, the European Commission has published a proposal for a Directive for a common FTT. The proposal currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the

Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

Tax on securities accounts

An annual tax on securities accounts (*jaarlijkse taks op de effectenrekeningen/taxe annuelle sur les comptes-titre*) is levied on securities accounts with an average value, over a period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year, higher than EUR 1 million. The Notes are principally qualifying as securities for the purposes of this tax.

The tax is equal to the lowest amount of either (i) 0.15 per cent. of the average value financial instruments and funds held on the account during a reference period or (ii) 10 per cent. of the difference between the average value of the financial instruments and funds held on the account and EUR 1 million. The reference period normally runs from 1 October to 30 September of the subsequent year. The tax base is the sum of the values of the taxable financial instruments at the different reference points in time (i.e., December 31, March 31, June 30 and September 30) divided by the number of those reference points in time. For an account opened or closed during the reference period, only the reference points at which the account existed, are taken into account.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium. Belgian establishments from Belgian non-residents are however treated as Belgian residents for purposes of the annual tax on securities accounts so that both Belgian and foreign securities accounts fall within the scope of this tax. Investors should note that pursuant to certain double tax treaties Belgium has no right to tax capital (as the power to tax capital is allocated to the State in which the Holder of Notes is tax resident pursuant to those treaties). Hence, to the extent the annual tax on securities accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

Each securities account is assessed separately. When multiple holders hold a securities account, each holder is jointly and severally liable for the payment of the tax and each holder may fulfil the declaration requirements for all holders.

There are various exemptions, such as securities accounts held by specific types of regulated entities for their own account.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in Article 198/1, §6, 12° of the BITC, (iii) a credit institution or a stockbroking firm as previously defined by Article 1, §3 of the Belgian law of 25 April 2014 on the status and supervision of credit institutions (currently defined by, respectively, Article 1, §3 of the Belgian law of 25 April 2014 on the status and supervision of credit institutions and Article 2 of the Belgian law of 20 July 2022 on the status and supervision of stockbroking firms and containing various provisions) and (iv) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The annual tax on securities accounts is in principle due by the financial intermediary established or located in Belgium. Otherwise, the annual tax on securities accounts needs to be declared and is due by the holder

of the securities accounts itself, unless the holder provides evidence that the annual tax on securities accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint an annual tax on securities accounts representative in Belgium. Such a representative is then jointly and severally liable towards the Belgian Treasury (*Thesaurie/Trésorerie*) for the annual tax on securities accounts due and for complying with certain reporting obligations in that respect.

In cases where a Belgian financial intermediary is responsible for the tax – i.e., either incorporated under Belgian law, established in Belgium or having appointed a Belgian representative – that intermediary has to submit a return on the twentieth day of the third month following the end of the reference period at the latest. The tax must be paid on this day. If the holder of the securities accounts itself is liable for reporting obligations (e.g. when a Belgian resident holds a securities account abroad with an average value higher than EUR 1 million), the deadline for filing the tax return for the annual tax on securities accounts is the 15 July of the year following the year on which the tax was calculated, irrespective whether the Belgian resident is an individual or a legal entity. In the latter case, the annual tax on securities accounts must be paid by the taxpayer on August 31 of the year following the year on which the tax was calculated, at the latest.

A specific, irrebuttable and retroactive anti-abuse provisions applying as from October 30, 2020 was also introduced: targeting (i) the splitting of a securities account into multiple securities accounts held with the same financial intermediary and (ii) the conversion of taxable financial instruments into registered financial instruments. Furthermore, a general, rebuttable anti-abuse provision was also introduced applying from the same date. However, the specific, irrebuttable anti-abuse provisions and the retroactive aspect of the general anti-abuse provision were declared null and void by the Belgian Constitutional Court on October 27, 2022. The general anti-abuse provision can therefore only apply as from February 26, 2021.

Prospective investors are strongly advised to follow-up and seek their own professional advice in relation to the annual tax on securities accounts and the possible impact thereof on their own personal tax position.

Common Reporting Standards

Following recent international developments, the exchange of information will be governed by the Common Reporting Standard (“**CRS**”).

As of November 26, 2024, 125 jurisdictions signed the multilateral competent authority agreement (“**MCAA**”), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On December 9, 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (“**DAC2**”), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented the DAC2, respectively the CRS, per the law of December 16, 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by

the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the “**Law of December 16, 2015**”).

As a result of the Law of December 16, 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the U.S. and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date to be further determined by Royal Decree.

In a Royal Decree of June 14, 2017, as amended, it has been determined that the automatic provision of information must be provided as from 2017 (for financial year 2016) for a first list of 18 jurisdictions, as from 2018 (for financial year 2017) for a second list of 44 jurisdictions, as from 2019 (for financial year 2018) for 1 other jurisdiction, as from 2020 (for financial year 2019) for a fourth list of 6 jurisdictions, as from 2023 (for financial year 2022) for a fifth list of 2 jurisdictions, and as from 2024 (for financial year 2023) for a sixth list of 4 jurisdictions.

The Notes are subject to DAC2 and to the Law of 16 December 2015. Under DAC2 and the Law of 16 December 2015, Belgian financial institutions holding the Notes for tax residents in another CRS contracting state shall report financial information regarding the Notes (e.g. in relation to income and gross proceeds) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Investors who are in any doubt as to their position should consult their professional advisers.

Financial Transaction Tax

On February 14, 2013, the European Commission published the Draft Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, within the framework of an enhanced cooperation procedure. However, on March 16, 2016, Estonia formally withdrew from the group of Participating Member States. The actual implementation date of the FTT would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

Under the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes in certain circumstances. It is a tax on derivatives transactions (such as hedging activities) as well as on securities transactions, i.e., it applies to trading in instruments such as shares and bonds. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. The FTT shall, however, not apply to (*inter alia*) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. This means that the issuance and subscription of the Notes should not become subject to financial transaction tax.

In 2019, Finance Ministers of the States participating in the enhanced cooperation indicated that they were discussing a new FTT proposal based on the French model of the tax and the possible mutualization of the tax as a contribution to the EU budget.

According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would be levied at a rate of at least 0.2% of the consideration for the acquisition of ownership of shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares ("**Financial Instruments**") or similar transactions (e.g. an acquisition of Financial Instruments by means of an exchange of Financial Instruments or by means of a physical settlement of a derivative). Only transactions with Financial Instruments that have been issued by a company, partnership or other entity whose registered office is established within one of the Participating Member States and with a market capitalization of at least EUR 1 billion on December 1 of the year preceding the respective transaction should be covered. The FTT shall be payable to the Participating Member State in whose territory the issuer of a Financial Instrument has established its registered office. Based on the latest draft of the new FTT proposal, the FTT should in principle not apply to Notes. Like the Draft Directive, the latest draft of the new FTT proposal also stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax).

The FTT proposal is still subject to negotiation between the Participating Member States and therefore may be changed at any time prior to any implementation, the timing and scope of which remains unclear. The proposed FTT may still be abandoned or repealed. Additional EU Member States may decide to participate. Moreover, once the FTT Directive has been adopted, it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the FTT Directive might deviate from the FTT Directive itself. The European Commission declared that if there was no agreement between the Participating Member States by the end of 2022, it would endeavour to propose a new own resource, based on a new FTT, by June 2024 in view of its introduction by 1 January 2026. To date, however, no agreement has been reached and no proposal of a new own resource has been made by the European Commission. Accordingly, there can be no assurance that the FTT, as ultimately implemented, will not apply to dealings in the Notes.

In June 2023, the Commission stated, however, that "the prospects of reaching an agreement" on the FTT in the future were "limited" adding there was "little expectation that any proposal would be agreed in the short term".

Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain insolvency and other legal considerations in some of the jurisdictions in which the Issuer and Guarantors are incorporated, and a summary of certain limitations on the validity and enforceability of the Guarantees. The descriptions below are only a summary and do not purport to be complete or to discuss all insolvency law considerations that may affect the enforceability of the obligations of the Issuer or any Guarantor. In addition, the laws of more than one jurisdiction could potentially apply in respect of certain matters and laws in multiple jurisdictions could result in disputes over which jurisdiction's law should apply, which could adversely affect your rights and your ability to enforce your rights and collect payment in full under the Notes or the Guarantees. Prospective investors in the Notes should consult their own legal advisors with respect to all such limitations and considerations.

In the event that the Issuer or the Guarantors experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer or the Guarantors. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

European Union

EU Insolvency Regulation

The Issuer and certain Guarantors are organized under the laws of Member States of the European Union.

Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast), as amended, in particular by Regulation (EU) 2018/946 of the European Parliament and of the Council of July 4, 2018, published in the Official Gazette of the European Union on July 6, 2018 and by Regulation (EU) 2021/2260 of the European Parliament and of the Council of December 15, 2021, published in the Official Gazette of the European Union on December 20, 2021 (the “**EU Insolvency Regulation**”) entered into force on June 26, 2017 and is applicable to insolvency proceedings opened on or after that date, replacing Council Regulation (EC) no. 1346/2000 on insolvency proceedings (which continues to apply to insolvency proceedings opened prior to June 26, 2017).

The EU Insolvency Regulation applies within the European Union (other than Denmark), to public collective proceedings as defined therein and listed in its Annex A. It provides that the courts of the Member State in which a debtor’s “center of main interests” (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to commence main insolvency proceedings relating to such debtor. The determination of where a debtor has its center of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Pursuant to Article 4 of the EU Insolvency Regulation, a court requested to open insolvency proceedings is required to examine whether it has jurisdiction pursuant to Article 3 and, pursuant to Article 5, such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Article 3(1) of the EU Insolvency Regulation provides that the center of main interests, or “COMI” of a “debtor shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties.” It sets forth, as explained by Recital (30), a rebuttable presumption that a debtor has its COMI in the Member State in which it has its registered office in the absence of proof to the contrary. This presumption shall only apply if the registered office of the legal person has not been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings. Recital (30) provides that it should be possible to rebut this

presumption if a debtor's central administration is located in a Member State other than that of its registered office and a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the debtor's actual center of management and supervision and the management of its interests is located in that other Member State. Under the previous EU insolvency regulation (Council Regulation (EC) 1346/2000 of May 29, 2000), which defined the COMI in similar terms, the courts have taken into consideration a number of factors in determining a debtor's COMI, including in particular where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established. A debtor's COMI is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If a debtor's COMI is and will remain located in the Member State (other than Denmark) in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Main insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be commenced in another Member State.

If a debtor's COMI is in a Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to commence secondary (territorial) insolvency proceedings against that debtor only if such debtor has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State or had an establishment in such EU Member State in the three-month period prior to the request for commencement of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where the debtor carries out or has carried out in the three-month period prior to the request to commence main insolvency proceedings a non-transitory economic activity with human means and assets."

Where main proceedings have been commenced in the Member State in which the debtor has its COMI, any proceedings commenced subsequently in another Member State in which the debtor has an establishment shall be secondary insolvency proceedings. The effects of such proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the debtor has its COMI have not yet been commenced, pursuant to Article 3 (4) of the EU Insolvency Regulation, territorial insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (a) insolvency proceedings cannot be commenced in the Member State in which the debtor's COMI is situated under that Member State's law; or (b) the territorial insolvency proceedings are commenced at the request of (i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the commencement of territorial proceedings is requested or (ii) a public authority that has the right to make such a request under the law of the Member State in which the establishment is located. Irrespective of whether the insolvency proceedings are main or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor. Furthermore, pursuant to Article 6 of the EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

As a general comment, in the event that any one or more of the Issuer, the Guarantors or any of the Guarantors' subsidiaries experience financial difficulty, it would not be possible to predict with certainty in

which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuers and the Guarantors.

The opening of insolvency proceedings in a Member State pursuant to the EU Insolvency Regulation shall not affect the rights *in rem* of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights *in rem* include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
- the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
- a right *in rem* to the beneficial use of assets.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings that will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. Pursuant to Article 21 of the EU Insolvency Regulation, the insolvency practitioner appointed by a court in a Member State that has jurisdiction to commence main proceedings (because the debtor's COMI is located there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets.

However, under Article 36 of the EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may attempt to avoid the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened that the distribution of those assets or of the proceeds received as a result of their realization, will comply with the distribution and priority rights that would apply under the relevant national law if secondary insolvency proceedings were opened in such other Member State. Such undertaking must be made in writing and is subject to approval by a qualified majority of known local creditors, determined in accordance with the local law of such other Member State. If approved, the undertaking is binding on the insolvency estate and if a court is requested to open secondary insolvency proceedings, it shall, at the request of the insolvency practitioner in the main insolvency proceedings, refuse to open such proceedings if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Additionally, under Article 38 of the EU Insolvency Regulation, where a temporary stay of individual enforcement proceedings has been granted in order to allow for negotiations between a company and its creditors, the court, at the request of the company or of the insolvency practitioner in the main insolvency proceedings, may stay the opening of secondary insolvency proceedings for a period not exceeding three months, provided that suitable measures are in place to protect the interests of local creditors.

Under Article 46 of the EU Insolvency Regulation, the court that opened the secondary insolvency proceedings will also stay the process of realization of assets in whole or in part upon receipt of a request from the insolvency practitioner in the main insolvency proceedings, for a period of up to three months,

unless such a request is manifestly of no interest to the creditors in the main insolvency proceedings. Such stay may be continued or renewed for similar periods. Where the court stays the process of realization of the assets, the court may require the insolvency practitioner in the main insolvency proceedings to take any suitable measure to guarantee the interests of the creditors in the secondary insolvency proceedings and of individual classes of creditors.

The EU Insolvency Regulation provides:

- for cooperation and communication between insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings and, in order to facilitate the coordination of main, territorial and secondary insolvency proceedings concerning the same debtor for cooperation and communication between (i) courts and (ii) insolvency practitioners and courts;
- for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group;
- that the Member States shall establish and maintain a register of insolvency proceedings; and
- that the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

United Kingdom exit from European Union

The United Kingdom ceased to be a member of the EU on January 31, 2020, 11.00 p.m. (GMT) (“**exit day**”) and therefore is no longer a Member State. The EUWA (as amended by the European Union (Withdrawal Agreement) Act 2020 and as further amended from time to time) provides, among other things, that, on and from December 31, 2020 at 11.00 p.m. (GMT):

- the European Communities Act 1972 (the “**ECA**”), the legal basis for EU law having effect and supremacy in English law, was repealed such that EU law no longer applies in the UK;
- unless otherwise amended or repealed by a Brexit SI (defined below), EU law, as it stood at the end of the transition period, was converted into domestic law and laws that were made in the UK in order to implement EU obligations were preserved; and
- various pieces of secondary legislation in the form of statutory instruments (the “**Brexit SIs**”), made by government ministers to correct deficiencies in legislation that would otherwise no longer operate appropriately once the UK left the EU and to deal with areas of law where there was effectively no new reciprocal agreement between the EU and the UK, came into effect.

However, while direct EU legislation may continue to form a part of domestic law of the United Kingdom after the end of the transition period, it may be subject to a number of amendments pursuant to Brexit SIs. With regards to cross-border insolvency, one such Brexit SI was The Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) (as amended from time to time) which sets out a number of amendments to be made to the EU Insolvency Regulation, as it applies in the United Kingdom after the end of the transition period. On December 24, 2020, three main future relationship agreements were provisionally agreed between the UK and the EU including a trade and cooperation agreement (“**TCA**”). To implement the TCA into English law (including by amending the EUWA, as required), the European Union (Future Relationship) Act 2020 (“**FRA**”) was passed on December 30, 2020 and came into effect on January 1, 2021. The European Parliament passed a resolution giving consent to the conclusion of the TCA on April 27, 2021, which was followed by the European Council’s adoption of a decision to conclude the TCA on April 29, 2021. At this stage, there remains considerable political, legislative and regulatory uncertainty throughout the region as to the extent to which Brexit could adversely affect business activity, restrict the movement of capital and the mobility of personnel and goods, and otherwise impair political stability and

economic conditions in the United Kingdom, the Eurozone, the EU and elsewhere. Any of these developments could have a material adverse effect on business activity in the United Kingdom, the Eurozone, or the EU. Further, the EUWA, TCA or FRA do not include a replacement for the current automatic recognition of UK insolvency procedures across the EU and vice versa. In the absence of an agreement allowing automatic recognition, it will be harder for UK office holders and UK restructuring and insolvency proceedings to be recognized in EU member states and to effectively deal with assets located in EU member states. Much will then depend upon the private international law rules in the particular EU member state and the need may well arise to open parallel proceedings, increasing the element of risk. In particular in cases where the appointment of a UK office holder has been made in reliance on a UK domestic approach rather than the COMI rules, it is much less certain that there will be recognition in the relevant EU member state.

EU Directive on preventive restructuring frameworks

The EU directive 2019/1023 of the European Parliament and the Council of June 20, 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the “**EU Restructuring Directive**”) was published on June 26, 2019.

The objectives of the EU Restructuring Directive are to ensure that (i) viable enterprises and entrepreneurs that are in financial difficulties have access to effective national preventive restructuring frameworks that enable them to continue operating, (ii) honest insolvent or over-indebted entrepreneurs (i.e., individuals) can benefit from a full discharge of debt after a reasonable period of time, thereby affording them a second chance and (iii) the effectiveness of procedures concerning restructuring, insolvency and discharge of debt is improved, in particular with a view to shortening their length.

The EU Restructuring Directive aims to achieve a higher degree of harmonization in the field of restructuring, insolvency, discharge of debt and disqualifications by establishing substantive minimum standards for preventive restructuring procedures as well as for procedures leading to a discharge of debt for entrepreneurs in order to promote a culture that encourages early preventive restructuring to address financial difficulties at an early stage, when it appears likely that insolvency can be prevented and the viability of the business can be ensured. Most notably, the EU Restructuring Directive provides for a framework pursuant to which (a) a stay of individual enforcement actions by creditors against debtors must be introduced by Member States national legislation, (b) all creditor claims shall be grouped into separate classes each of which shall reflect a commonality of interests (at a minimum, creditors of secured and unsecured claims shall be treated in separate classes), (c) creditor claims may be restructured in a restructuring plan by majority vote with a majority of not more than 75% of the amount of the claims in each class and, where the Member State so requires, a majority in number of affected parties in each class and (d) a cross-class cram-down is introduced whereby a restructuring plan may, under certain conditions, be adopted and bind dissenting creditors even if the creditors of one or more classes do not consent to the restructuring plan with the required majority. The transposition of the EU Restructuring Directive into national legislation shall protect new and interim financing and other restructuring related transactions and may also provide priority ranking to new or interim financing granted in the context of the restructuring.

The EU Restructuring Directive shall be transposed into national laws or regulations by Member States by July 17, 2021 (with the exception of the provisions relating to the use of electronic means of communication for which the time period for the transposition expires in certain respects on July 1, 2024 or, in others, on July 17, 2026), subject to a maximum one year extension of the transposition period for Member States encountering particular difficulties in implementing the EU Restructuring Directive.

Belgium

Insolvency Proceedings

The Notes will be guaranteed by a company which is incorporated under the laws of, and has its statutory seat (*statutaire zetel/siège social*) in, Belgium (the “**Belgian Guarantor**”). In the event of an insolvency of the Belgian Guarantor, main insolvency proceedings may be initiated in Belgium, provided Belgium is the territory in which the Belgian Guarantor’s center of main interest is situated. A company is generally presumed to have its center of main interests at the location of its corporate seat, but this presumption is rebuttable. Such proceedings would then be governed by Belgian law, subject to certain exceptions. Under certain circumstances, the EU Insolvency Regulation and Belgian law also allow secondary bankruptcy proceedings to be opened in Belgium over the assets situated in Belgium of companies whose centers of main interests are not situated in Belgium. The effects of those secondary bankruptcy proceedings are restricted to the assets situated in Belgium.

The following is a brief description of certain aspects of Belgian insolvency law to the extent relevant in the context of the present transaction.

Belgian insolvency law provides for three main insolvency proceedings: judicial reorganization proceedings (*gerechtelijke reorganisatie/réorganisation judiciaire*), transfer under the court’s supervision (*overdracht onder gerechtelijk gezag /transfert sous autorité judiciaire*) and bankruptcy proceedings (*faillissement/faillite*).

Judicial reorganization proceedings can be either public or private. Public proceedings are public from their opening, whereas private proceedings remain confidential even after their opening (with access limited to the debtor, the practitioner, the court, and the specific creditors involved). There are also two types of reorganization available in both public and private forms: (i) an amicable settlement between the debtor and some of its creditors and (ii) a collective agreement.

These proceedings are governed by Book XX “Insolvency of enterprises” of the Belgian Code of Economic Law. They are available to all legal entities as well as all individuals that qualify as an enterprise (*onderneming/entreprise*) in the sense of Article I.1, 1° of the Belgian Code of Economic Law, subject to certain exceptions for regulated liberal professions, credit institutions and certain other entities active on the financial and insurance markets.

Note that, in addition, Belgian (insolvency) law offers different out of court restructuring options and allows for liquidation in deficit (*deficitaire vereffening/ liquidation déficitaire*). The latter proceeding will not be further discussed.

Judicial Reorganization Proceedings and Transfer under Court’s Supervision.

Opening

A *public* judicial reorganization and the transfer under court’s supervision (which is always public) may be initiated at the request of the debtor if the continuity of the enterprise is at risk, whether immediately or in the future. The content of this principle is broad and is defined in practice by the courts. In certain circumstances, creditors, third parties interested in acquiring the business or the public prosecutor may summon the debtor and seek the transfer of all or part of the debtor’s business under court’s supervision.

A *private* judicial reorganization may be initiated by the debtor, a creditor or an equity holder. The court will grant the request if the debtor is facing imminent insolvency, unless a preliminary examination reveals that granting the request would not serve the collective interests of the creditors, including employees. Notably, the petition will be granted if it is filed by the debtor itself or is supported by a majority of equity holders.

The fact that the conditions for bankruptcy are met (entailing that the debtor has the legal obligation to declare bankruptcy under Book XX of the Belgian Code of Economic Law) does not preclude the debtor from filing for judicial reorganization or transfer under court's supervision.

In addition, in the event of manifest shortcomings (*kennelijk tekortkomingen/manquements caractérisés*) on the part of the debtor jeopardizing the continuity of the debtor or in the event the debtor company becomes unmanageable, the debtor, any creditor, the public prosecutor or any other interested party may request the court to appoint a restructuring expert (*herstructureringsdeskundige/praticien de la réorganisation*) who can be tasked with opening judicial reorganization proceedings.

The obligation to declare bankruptcy is suspended as from the filing of a petition for judicial reorganization or transfer under court's supervision.

Protection against creditors

As from the filing of the petition for *public* judicial reorganization proceedings or transfer under court's supervision and as long as the court has not issued a ruling on the petition, the debtor cannot be declared bankrupt (save in case the debtor files a declaration of bankruptcy itself) or be wound up by court order. In addition, during the period between the filing of the petition and the court's decision, as a rule, none of the creditors may proceed with the enforcement of any security interests that such creditors may hold with respect to the debtor's assets. There are, however, important exceptions to this rule, including, among other things, that beneficiaries of security over bank accounts and shares are not subject to the stay on enforcement. Note that the filing of the petition does not have an automatic suspensory effect if the debtor requested the opening of judicial reorganization proceedings less than twelve months before.

Book XX of the Belgian Code of Economic Law provides that, within a period of fifteen days as from the filing of the petition, the court will examine such petition and, within eight days following such examination, the court will decide on the opening of the public judicial reorganization proceeding or a transfer under court's supervision allowing a temporary moratorium for a maximum period of four months. Subject to certain conditions, the moratorium period can thereafter be extended, up to a total maximum period of twelve months if justified in light of the circumstances. In the context of a transfer under court's supervision, a further extension of four months is possible.

The granting of the temporary moratorium operates as a stay on enforcement. No enforcement measures with respect to pre-existing claims (i.e., for debts incurred before the judgment opening the judicial reorganization proceedings or transfer under court's supervision) in the moratorium can be continued or initiated against any of the debtor's movable and immovable assets from the time that the moratorium is granted until the end of the period, with limited exceptions. Furthermore, during the moratorium, the debtor cannot be declared bankrupt (except upon declaration of the debtor itself) and, if the debtor is a legal entity, judicial dissolution will not be possible during this period.

If receivables are pledged by the debtor in favor of a creditor prior to the opening of the judicial reorganization proceedings or transfer under court's supervision, these will not be affected by the moratorium, provided that the receivables are pledged specifically to that creditor from the moment when the pledge is created. The holder of such pledged receivables is permitted to take enforcement measures against the estate of the initial counterparty of the debtor (such as the debtor's customers) during the moratorium. Receivables that form part of a pledge over business assets do not benefit from such exemption.

A pledge on financial instruments and cash held in accounts within the meaning of the Financial Collateral Act of December 15, 2004, as amended from time to time (the "**Belgian Financial Collateral Act**"), such as shares in any Belgian Guarantor, can be enforced notwithstanding the enforcement prohibition imposed by the moratorium. In the case of a pledge on cash held in accounts, the enforcement prohibition applies, save in the event of payment default or if certain other conditions are met. Personal guarantees granted

by third parties in favor of the debtor's creditors are not covered by the enforcement prohibition imposed by the moratorium, nor are the debts payable by co-debtors, subject to certain exceptions or qualifications in respect of guarantees granted by individuals. The moratorium also does not prevent the voluntary payment by the debtor of claims covered by the moratorium to the extent such payment is necessary for the continuity of the enterprise.

In the *private* variant, protection against creditors is not as extensive. Upon filing a petition for private judicial reorganization, the court is required to rule on the petition within eight days. There is no automatic stay that commences upon the filing or opening of these proceedings. Once the proceedings are initiated, a restructuring expert is automatically appointed by the court. This expert may, under certain conditions, request the court to impose a renewable stay of up to four months with respect to certain creditors.

Governance

During judicial reorganization proceedings or proceedings relating to transfer under court's supervision, as a general rule, the board of directors and management of the debtor continue to exercise their management functions, albeit under the limited supervision of the court.

Despite the debtor-in-possession model, a restructuring expert (*herstructureringsdeskundige / praticien de la réorganisation*) is appointed upon the initiation of private judicial reorganization proceedings, and a liquidation expert (*praticien de la liquidation/ vereffeningdeskundige*) is appointed when proceedings for a transfer under court's supervision are opened. The appointment of a restructuring expert is not an automatic feature in public judicial reorganization proceedings.

Contracts

The reorganization procedure aims to preserve the continuity of a company or its activities as a going concern. Consequently, the initiation of judicial reorganization proceedings or proceedings for transfer under court's supervision does not terminate any contracts. Contractual provisions which provide for the early termination or acceleration of the contract upon the initiation or approval of a reorganization procedure, and certain contractual terms such as compensation clauses (including but not limited to default interest), may not be enforceable. Such enforcement prohibition applies, with a few exceptions, to close-out netting provisions and if the judicial reorganization proceedings affects (i) a corporate debtor which is not a public or financial legal entity within the meaning of the Belgian Financial Collateral Act or (ii) a public or financial legal entity where the creditor is not such an entity.

Moreover, Belgian insolvency law provides that a creditor may not terminate a contract on the basis of a debtor's default that occurred prior to the commencement of the judicial reorganization proceeding or transfer under court's supervision unless the debtor would not remedy such default within a 15-day period following the notification of such default.

As an exception to the general rule of continuity of contracts, the debtor may cease performing a contract during the judicial reorganization proceedings or transfer under court's supervision, provided that the debtor notifies the creditor and the decision is necessary for the debtor to be able to propose a reorganization plan to its creditors or to transfer all or part of the enterprise or its assets. The exercise of this right does however not prevent the creditor (co-contractor) from suspending in turn the performance of its own obligations. The creditor can however not terminate the agreement solely on the ground that the debtor has suspended the performance of its own obligations.

Judicial reorganization by amicable settlement

In the case of an amicable settlement as provided by Book XX of the Belgian Code of Economic Law, the debtor (as the case may be, with the assistance of the restructuring expert) can draw up an agreement and joint payment scheme plan with one or more creditors with a view to restructuring part or all of its assets and activities. Only the parties to such amicable settlement will be bound by the terms they have

agreed to. Such in-court agreement requires unanimity among the creditors concerned. The debtor may petition the court to grant a grace period in respect of its payment obligations, e.g., in relation to interest payments, pending the negotiation of the agreement. Once an agreement is reached for reorganization purposes, it is submitted to the court for homologation. Such an amicable settlement will remain enforceable in the event of a later bankruptcy, subject to certain exceptions.

Judicial reorganization by collective agreement

In the case of a judicial reorganization by collective agreement (or reorganization plan), Belgian insolvency law provides for two different regimes: a regime applicable to small and medium sized enterprises ("**SMEs**") and a regime for large companies and SMEs that have elected to opt-in to the regime for large companies. The regime applicable to SMEs will not be discussed.

With regards to large companies (i.e., companies which, during two consecutive financial years, meet one or more of the following thresholds: (i) annual average number of employees of 250, (ii) annual turnover excluding VAT of EUR 40,000,000, and (iii) the balance sheet total reaches EUR 20,000,000 – this also applies if group companies together exceed one or more of the thresholds), the parties affected by the plan (which could be creditors and equity holders) agree to a reorganization plan through a voting process. Under the large enterprise regime, creditors can and to a certain extent must be placed in different voting classes if their rights in a bankruptcy liquidation or the rights obtained under the proposed restructuring plan are so dissimilar that there is no comparable position. Secured creditors and unsecured creditors must be divided in different classes. A creditor can only be considered secured (both for purposes of voting and treatment under the plan) to the extent of the liquidation value of the collateral. In principle, a restructuring plan is adopted if each class has voted in favor of the restructuring plan, i.e., if a simple majority (in amount of the claim) is obtained in each class. The plan may include measures such as the reduction or rescheduling of liabilities and interest obligations, amendment to contracts and the swap of debt into equity and may be based on a differentiated treatment of various categories of affected parties. Belgian insolvency law contains certain limitations, primarily aimed at protecting employees of the debtor. If the plan is approved, the reorganization plan needs to be confirmed by the court prior to it taking effect. At the occasion of the confirmation, the court will perform a number of tests, including whether the plan complies with the formal requirements under the law and, in case of dissenting classes of affected parties, whether the criteria for cross-class cram-down are satisfied.

A reorganization plan is deemed approved if each class of affected parties approves the plan. A class of affected parties is deemed to approve the plan if it is approved by creditors or equity holders representing a fifty percent majority in value of the claims or (in case of equity holders) the participations. Moreover, a reorganization plan can also be approved where one or more classes dissent if the restructuring plan respects certain conditions ("cross-class cram-down"), including the application of the absolute priority rule. Once approved, the plan will bind all the classes of affected parties.

Transfer under court's supervision

The court-ordered transfer will be conducted under the supervision of a liquidation expert, who will be responsible for soliciting bids. The price of the transferred assets should at least be equal to their liquidation value, which the court will verify. In the case of comparable offers, priority will be given to the offer guaranteeing employment by way of a social agreement.

Following the transfer, the recourse of the creditors will in most cases be limited to the transfer price, subject to some limited exceptions.

In the case of a court-ordered transfer, co-contractors of ongoing agreements can be forced to continue to perform the agreement without their consent after the transfer (except in case of *intuitu personae* agreements), provided historical debts under such agreement are paid.

The transfer must be followed by liquidation or bankruptcy proceedings of the debtor.

Pre-packaged Bankruptcy Proceedings

These (pre-pack) proceedings allow insolvent companies to discreetly prepare for the transfer of assets and activities under court supervision before formal bankruptcy proceedings are opened. Pre-packaged bankruptcy proceedings can only be initiated by the debtor. In its petition, the debtor must demonstrate that these proceedings will (i) facilitate the liquidation of the company while achieving the highest possible distribution to the creditors as a whole, and (ii) preserve jobs to the extent possible.

If the court grants the debtor's request, a liquidation expert is appointed for maximum 30 days (with possible extension to a total of 60 days). The liquidation expert takes the lead during the preparation phase and assesses whether the transfer of all or part of the undertaking is likely to be successful, considering the interests of all creditors involved.

The preparation phase is done under the supervision of a prospective supervisory judge. During the preparations, the debtor remains in control of its assets and the day-to-day operation of its business and the debtor will not benefit from a moratorium. However, the debtor actively cooperates to achieve the transfer of its assets within the shortest possible time. Following the confidential preparation procedure, formal bankruptcy proceedings are opened.

Bankruptcy

The Belgian bankruptcy procedure is essentially governed by Book XX of the Belgian Code of Economic Law and by case law.

Bankruptcy proceedings may be initiated by the debtor, by unpaid creditors or upon the initiative of the public prosecutor's office, or the provisional administrator of the debtor's assets (if there are strong indications that the conditions for bankruptcy are met), by the liquidator of the debtor's assets or by the liquidator of "main insolvency proceedings" opened in another EU member state (other than Denmark) in accordance with the EU Insolvency Regulation. Once the court ascertains that the requirements for bankruptcy are met, the court fixes the date prior to which the debtor's creditors must submit all claims of unpaid debts, as well as the date of the first report on the verification of claims. The court can be requested to pronounce the judicial dissolution (*gerechtelijke ontbinding/dissolution judiciaire*) of the debtor, provided that (i) the conditions for bankruptcy are met, (ii) there are no significant assets available, and (iii) the public interest requires a judicial dissolution rather than a bankruptcy.

Bankruptcy proceedings may be opened in respect of any "enterprise" as defined by Article I.1, 1° of the Belgian Code of Economic Law (which includes notably any legal person, other than certain public law entities). Conditions for a bankruptcy order (*faillietverklaring /déclaration de faillite*) are that the debtor must be in a situation of sustained cessation of payments (*op duurzame wijze opgehouden hebben te betalen/cessation de paiements de manière persistante*) and must be unable to obtain further credit (*wiens krediet geschokt is/ébranlement de crédit*). Cessation of payments is generally considered as the inability of the debtor to pay its debts as they fall due. Such situation must be persistent and not merely temporary. The mere fact that a debtor has more debts than assets does not necessarily mean that the bankruptcy conditions are met. Companies in liquidation can be declared bankrupt up to six months after the judgments of the closing of the liquidation.

In bankruptcy, the debtor loses all authority and decision rights concerning the management of the bankrupt business. The bankruptcy receiver (*curator/ curateur*), appointed by the court, becomes responsible for the operation of the business and implements the sale of the debtor's assets, the distribution of the sale proceeds to creditors and the liquidation of the debtor. The rights of creditors in the process are limited to being informed of the course of the bankruptcy proceedings on a regular basis by the bankruptcy receiver. Creditors may oppose the sale of assets by bringing an action before the court, or may request the temporary continued operation of the business.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party which are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy if such decision is necessary for the management and the liquidation of the bankrupt estate. The counterparty to an ongoing contract may summon the bankruptcy receiver to take a decision within 15 days. If no extension of the 15 days' term is agreed upon or if the bankruptcy receiver does not make any decision, the ongoing contract is presumed to be terminated after the expiration of the 15 days' term. If the bankruptcy receiver decides not to continue the performance of an ongoing contract or if an ongoing contract is terminated due to the expiration of the 15 days' term, the counterparty to that contract may make a claim for damages in the bankruptcy and such claim will rank *pari passu* with the claims of all other unsecured creditors and/or seek a court order to have the relevant contract dissolved. The counterparty may not seek injunctive relief or require specific performance of the contract.

The bankruptcy receiver must decide whether to continue performance of ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may elect to continue the business of the debtor, provided the bankruptcy receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. Two exceptions apply, however:

- (a) the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an automatic early termination or acceleration event; and
- (b) *intuitu personae* contracts (i.e., contracts whereby the identity of the counterparty constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment, since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

As a general rule, the enforcement rights of individual creditors are suspended upon the rendering of the court order opening bankruptcy proceedings, and after such order is made, only the bankruptcy receiver may proceed against the debtor and liquidate its assets. However, such suspension does not apply to a pledge on financial instruments or cash held on account falling within the scope of the Belgian Financial Collateral Act. Further exceptions exist with regard to estate debts (*boedelschulden/dettes de la masse*).

For creditors with claims secured by movable assets (other than financial collateral), such suspension would normally be limited to the period required for the first report of verification of the claims. At the request of the bankruptcy receiver, the suspension period may be extended for up to one year as from the bankruptcy judgment. Such extension requires a specific order of the court which can only be made if the further suspension will allow for a realization of the assets in the interest of all creditors without prejudicing the secured creditors, and provided that those secured creditors have been given the opportunity to be heard by the court. However, a pledge on financial instruments or cash held on accounts can be enforced during the suspension period.

For creditors with claims secured by immovable assets, the intervention of the bankruptcy receiver is necessary to pursue the sale of the assets, subject to certain exceptions. The bankruptcy receiver will do so upon an order of the court, given either at its request or at the request of the mortgagee. However, a first-ranking mortgagee will generally be entitled to pursue the enforcement of its mortgage as soon as the first report of claims has been finalized. The court may suspend such enforcement for a period of not more than one year from the date of the bankruptcy if the suspension will allow for a realization of the assets without prejudicing the mortgagee provided that the mortgagee has been given the opportunity to be heard by the court.

If a security interest, such as a pledge, has been granted over assets that, at the time of opening of an insolvency proceeding, are located in another EU Member State, the rights the creditor has under such security shall, in accordance with the EU Insolvency Regulation, not be affected by the opening of such insolvency proceedings.

As from the date of the bankruptcy judgment, no further interest accrues against the bankrupt debtor on its unsecured debt, or debts secured by a general privilege, such as tax debts or social security debts.

The ranking of different types of debt of the bankrupt estate generally will be ranked as to priority on the basis of complex rules. The following is a general overview of only the main principles:

- (a) Estate debt: Costs and indebtedness incurred by the bankruptcy receiver during the bankruptcy proceedings, the so-called “estate debts,” have a senior priority. In addition, if the bankruptcy receiver has contributed to the realization and enforcement of secured assets, such costs will be paid to the bankruptcy receiver in priority out of the proceeds of the realized assets before distributing the remainder to the secured creditors. Tax and social security claims incurred during the judicial reorganization proceedings will be preferential debts of the estate in a subsequent liquidation or bankruptcy.
- (b) Security interests: Creditors that hold a security interest have a priority right over the secured asset (whether by means of appropriation of the asset or on the proceeds upon realization);
- (c) Privileges: Creditors may have a particular privilege on certain or all assets (e.g., tax claims, claims for social security premiums, etc.). Privileges on specific assets rank before privileges on all assets of the debtor. Certain privileges prevail over security interests;
- (d) Unsecured creditors (*pari passu*): Once all estate debts and creditors having the benefit of security interests and privileges have been satisfied, the proceeds of the remaining assets will be distributed by the bankruptcy receiver among the unsecured creditors who rank *pari passu* (unless a creditor agreed to be subordinated); and
- (e) Subordinated creditors will receive the remainder (if any).

Book XX of the Belgian Code of Economic Law provides that any assets, amounts and sums of distributions (such as income generated by a new activity) received after a bankruptcy are excluded from the bankruptcy estate if their relevant cause dates from after the bankruptcy.

Limitation on Enforcement

The grant of a guarantee or security interest by the Belgian Guarantor for the obligations of another group company must fall within the grantors’ corporate object and corporate purpose and be for the own corporate benefit of the granting Belgian Guarantor and comply with any applicable financial assistance rules. Corporate benefit is not a well-defined concept under Belgian law and its interpretation is left to the courts and legal authors. This is a question of fact and there is no specific test to be applied. The corporate benefit rules and their application in the context of granting guarantees or security interests for the benefit of a group company are not clearly established under Belgian law and there is only limited case law on this issue.

If the granting of a guarantee or the creation of a security interest does not fall within the grantor’s corporate object or purpose, then such guarantee or security interest could, upon certain conditions, be held null and void.

The assessment of whether or not the grant of a guarantee or security interest is in the relevant Belgian Guarantor’s own corporate benefit is largely dependent on factual considerations and is to be determined on a case-by-case basis by the board of directors of such Belgian Guarantor at the time of the granting of the guarantees or security interests, in anticipation of their enforcement and to be reviewed ultimately on a case-by-case basis at the time of the enforcement by the competent courts. Consideration has to be given to any direct and/or indirect benefit that the relevant Belgian Guarantor would derive from the transaction. This is particularly relevant for upstream or cross stream guarantees and security interests.

It is generally considered by legal scholars that at least the following principles apply to such evaluation: (i) the risk taken by the relevant Belgian Guarantor in issuing the guarantee must be proportional to the direct and/or indirect benefit derived from the transaction; and (ii) the financial support granted by the Belgian Guarantor should not exceed its financial capabilities.

The responsibility for such assessment lies with the board of directors of the relevant Belgian Guarantor. The corporate benefit justifications by the Belgian companies' boards of directors will be subject to only a "marginal review" by the courts. In insolvency situations, however, the courts can be expected to take a more critical view.

If the corporate benefit requirement is not met, the (board of) directors of the relevant Belgian Guarantor may be held liable (i) by the company for negligence in the management of the company and (ii) by third parties in tort and under criminal law in certain specific circumstances (i.e., where the specific facts can be qualified as "abuse of company goods" (*misbruik van vennootschapsgoederen/abus de biens sociaux*)). Moreover, the guarantee or security interest could be declared null and void and, under certain circumstances, the creditor that benefits from the guarantee or security interest may also be held liable on the basis of the principles of tort liability. Alternatively, the guarantee or security interest could be reduced to an amount corresponding to the corporate benefit and, under certain circumstances, the creditor could be held liable on the basis of the principles of tort liability for any guarantee amount in excess of such amount. These rules have however seldom been tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee and security interest to secure liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries incorporated or established in Belgium. Accordingly, the Purchase Agreement and the Indenture will contain such limitation language and the Guarantee of the Belgian Guarantor will be so limited. Including such limitation language is, however, not conclusive in determining or upholding the corporate benefit.

The Indenture will expressly provide, substantially to the effect, that the aggregate amount guaranteed by the Belgian Guarantor for the obligations under the Notes shall not include any liability which would constitute unlawful financial assistance (as determined in articles 5:152, 6:118 or 7:227 of the Belgian Companies and Associations Code, as applicable, or any other law or regulation having the same effect, as interpreted by the Belgian courts), and shall be limited to a maximum amount equal to the greater of:

- (a) an amount equal to 85 per cent. of the Belgian Guarantor's net assets (as determined in accordance with articles 5:142, 6:115 or 7:212 of the Belgian Companies and Associations Code to determine whether a dividend can be distributed and the Accounting Principles) as calculated on the basis of its most recent audited Annual Financial Statements at the time the relevant demand is made;
- (b) an amount equal to 85 per cent. of the Belgian Guarantor's net assets (as determined in accordance with the Belgian Companies and Associations Code to determine whether a dividend can be distributed and the Accounting Principles) as calculated on the basis of its most recent audited Annual Financial Statements at the Issue Date; and
- (c) the outstanding amount of any intra-group loans, advances or facilities made to the Belgian Guarantor by any other member of the Group directly or indirectly using all or part of the proceeds under the Notes (whether or not such intra-group loan is retained by the Belgian Guarantor for its own purposes or on-lent) at the time the relevant demand is made.

Any payment made by the Belgian Guarantor under its Guarantee shall reduce the Belgian Guarantor's obligations, if any, vis-à-vis the Issuer in due proportion.

Whereby:

“Accounting Principles” means generally accepted accounting principles and practices in the jurisdiction of incorporation of the Belgian Guarantor (if applicable with respect to any other financial statements); and

“Annual Financial Statements” means the audited financial statements for a financial year of the Belgian Guarantor.

Beneficial Ownership

As there is no concept of “beneficial ownership” or “beneficial owner” under the present Belgian legal system, the rights, claims and effects resulting from such a concept may not be enforceable under Belgian law.

Hardening Periods and Fraudulent Transfer

In the event of bankruptcy proceedings governed by Belgian law, certain transactions may be declared ineffective against third parties if concluded or performed by the debtor during the so-called “hardening period” (*verdachte periode/période suspecte*).

In principle, the cessation of payments (which constitutes a condition for filing for bankruptcy) is deemed to have occurred as of the date of the bankruptcy order. The court issuing the bankruptcy order may determine, based on serious and objective indications that the cessation of payments occurred on an earlier date. Such earlier date may not be earlier than six months before the date of the bankruptcy order, except in the case where the bankruptcy order relates to a company that was dissolved more than six months before the date of the bankruptcy order in circumstances suggesting an intent to defraud its creditors, in which case the date of cessation of payments may be determined as being the date of such decision to dissolve the company. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the “hardening period”.

The transactions entered into or performed during the hardening period which may be declared ineffective against third parties and which are unenforceable against the bankruptcy receiver include, among others, (i) gratuitous transactions or transactions entered into at an undervalue or on extremely beneficial terms for the counterparty, (ii) payments for debts which have not yet fallen due, (iii) payments other than in cash for debts due, and (iv) new security interests provided for pre-existing debts.

Other transactions entered into or performed during the hardening period may be declared ineffective against third parties provided that the counterparty was aware of the debtor’s cessation of payment. In particular, a guarantee entered into or security interest granted during the hardening period may be declared ineffective against third parties if (i) it is regarded as having been granted gratuitously, unbalanced or at an undervalue, (ii) the beneficiaries of the guarantee or security interests were aware of the debtor’s cessation of payments or (iii) it is granted to secure pre-existing debts.

If the guarantee or security interest granted by the Belgian Guarantor is successfully voided (based on the considerations above), holders of the relevant Notes would cease to have any claim in respect thereof and could be under an obligation to repay any amounts received pursuant to such guarantee or the enforcement proceeds of the security interests.

Furthermore, even in the absence of bankruptcy proceedings, a third-party creditor may obtain a court ruling that any act or transaction (such as a guarantee) is not enforceable against it if it can establish that the challenged act or transaction was effected with the fraudulent intent to adversely affect its position as an existing creditor (*actio pauliana*).

Regardless of fraudulent intent, registration of a security interest after cessation of payments can also be declared ineffective against third parties, when more than 15 days have passed in between the date of the deed and the date of registration.

Grace Periods

In addition enforcement rights may, like those of any other creditor, be subject to Article 5.201 of the Belgian Civil Code or other similar legal provisions.

Pursuant to these provisions, Belgian courts may, in any civil proceeding involving a debtor, defer or otherwise reasonably reschedule the payment dates of payment obligations. Belgian courts can also decide that the interest rate applicable be reduced if it is considered to exceed the normal rate applicable to similar debts.

Recognition and Enforcement

The granting of a guarantee and of security interests may be subject to validity and/or enforceability conditions. The breach of any of such conditions may render such guarantee or security interest invalid or unenforceable. The foreclosure of a guarantee or of security interests may be subject to formalities (e.g. judicial or non-judicial consent) and may be time consuming in the event that the foreclosure takes place under judicial control or in the event of a legal dispute. Courts may condition the enforcement of a guarantee and/or security interest upon the evidence that the creditor has a final and undisputed claim triggering the foreclosure of the guarantee or security interest. Enforcement of guarantees or security interests may be hindered by conflict of law and/or conflict of jurisdiction issues and may not breach any public policy provision and/or mandatory legal provisions. Courts may require a sworn translation in French or Dutch of the English documents which they may review.

Czech Republic

Limitation on and consideration for Czech Guarantor's Guarantees

Czech law sets out certain limitations for a Czech company to guarantee the indebtedness of another entity, in particular general insolvency limitations.

In order to enable the Czech Guarantor to grant a guarantee and/or indemnity with a mitigated risk of violating Czech law, it is standard market practice for indentures and guarantees provided by Czech companies to contain a limitation language. Pursuant to the Indenture, the obligations and liabilities of the Czech Guarantor under the Guarantee and/or indemnity provided in respect of the Notes may not exceed a certain maximum cap, calculated by reference to the book value of all assets of the Czech Guarantor so as to mitigate the risk that the Czech Guarantor becomes insolvent by being over-indebted as a result of payment under its Guarantee in respect of the Notes. While this cap should generally protect the Czech Guarantor from insolvency resulting from its over-indebtedness (i.e., balance sheet insolvency), it cannot fully protect the Czech Guarantor from insolvency resulting from a lack of liquidity in the case the Guarantee is called and the Czech Guarantor is unable to fulfill its obligations under the Guarantee in accordance with its terms.

Accordingly, as a result of the above limitation language, if you were to enforce the Guarantee provided by the Czech Guarantor, your claims are likely to be limited.

In general, any granting of a guarantee or a third-party security by a Czech guarantor that constitutes a breach of the financial assistance rules may not be enforceable.

Further, with the effect from January 1, 2021, Czech law prohibits business corporations from providing performance at no consideration to their shareholders as well as to their related persons. There are different interpretations as to whether this may relate to security of any kind, including guarantees, provided by subsidiaries to its direct or indirect parent. However, no market practice exists with regard to this at the moment and it has not yet been confirmed by any binding judicial decisions.

Syndicated lending, Agency, Trustee

The Czech Civil Code introduced as of January 1, 2014 the concept of trust fund (*svěřenský fond*) into Czech law. However, the concept of trust fund introduced under the Czech Civil Code is markedly different from the New York law concept of trust. Therefore, the New York law concept of trust as contemplated under the Indenture does not exist under Czech law and remains relatively untested in the Czech Republic. The Czech Republic is not a signatory to the Hague Convention on the Law Applicable to Trusts and on their Recognition which provides for the recognition of trusts and claims by trustees. Although Section 73(4) of the International Law Act contains a rule pursuant to which a trust established abroad could be recognized under Czech law, it requires that such a trust must have the same basic features of a trust fund established under Czech law. In light of differences between the concept of trust fund in Czech law and the New York law concept of trust, the New York law concept of trust as contemplated under the Indenture would very likely not fall within the scope of Section 73(4) of the International Law Act and could therefore not be recognized solely on the basis of the said section of the International Law Act. Hence, there is still some risk that Czech authorities would not (based on Czech procedural rules) recognize the Trustee and the trust as contemplated under the Indenture and that a Czech court would not recognize enforcement proceedings undertaken by the Trustee on behalf of the holders or beneficial holders. Consequently, there can be no assurance that the Trustee will have an enforceable claim against the Guarantor in Czech courts.

Insolvency limitations (hardening periods and voidable acts)

If insolvency proceedings with respect to a Czech Guarantor are opened in the Czech Republic, any Notes Guarantee provided by a Czech Guarantor could be subject to potential challenges by an insolvency administrator (*insolvenční správce*) under the voidable (i.e. capable of being declared ineffective as between the borrower and the relevant creditor) act principles, as set out in the Czech insolvency law.

Based on these rules, an insolvency administrator may challenge a Czech Guarantor's transactions that are deemed detrimental to the insolvent Czech Guarantor's creditors and have been effected prior to the commencement of the insolvency proceedings. These transactions may include the payment of any amounts to the holders of the Notes, as well as the provision of any guarantee or any security interest in favor of the holders of the Notes. An insolvency administrator's right to challenge the transactions may, depending on the circumstances, extend to transactions that have occurred up to five years prior to the commencement of the insolvency proceedings. If the relevant transaction is successfully challenged, the holders of the Notes would be under an obligation to repay the amounts received to the insolvency estate. Please see further details in the Czech insolvency section below.

Pursuant to Czech civil law, it is also possible to challenge under certain circumstances the particular transactions entered into or payments made by a debtor (Czech insolvency law has analogical rules— see below the subsection “*Insolvency Proceedings*,” see also the specific regulations as regards guarantees). A creditor may challenge as ineffective a debtor's transaction with a third party if that transaction occurred: (i) within the last five years if the debtor intended to prejudice a creditor by that transaction and the relevant third party have known about that debtor's intent, (ii) within the last two years if the debtor prejudiced a creditor by that transaction and the relevant third party must have known about that debtor's intent (iii) within the last two years if the debtor prejudiced a creditor by that transaction and that transaction was made between the debtor and its related person and/or in favor of a related person, except when the related person at the time could not or must not have known about the debtor's intent to prejudice a creditor or (iv) within the last year in case of a purchase agreement or an exchange agreement if the relevant third party must have known about the debtor's intent to dissipate his assets, or (v) within the last two years in case of gratuitous transactions, with exception of, for instance, a performance imposed by a legal regulation or an usual occasional gift. The aforementioned applies similarly to an omission by the debtor which resulted in loss of the debtor's property right or creating, maintaining or securing of a third party's property right to the debtor's assets. If a creditor's challenge is successful, a Czech court has the power, among other things, to declare the respective transaction ineffective vis-a-vis the respective creditor and

that creditor may request that its receivable will be settled against the debtor's property which was transferred under that challenged transaction. If a creditor cannot be satisfied in that manner, the creditor may claim compensation against the person who benefited from that challenged transaction.

Insolvency Proceedings

If a guarantor organized under the laws of the Czech Republic becomes bankrupt, holders of the Notes may be limited in their ability to enforce their rights under the Notes, since the claims under the guarantee are not secured; therefore, holders of the Notes would be considered as "unsecured creditors" within the insolvency proceedings. The secured creditors (whose receivables are secured by a pledge or another right attached to an item that constitutes the debtor's assets) retain a right of preferred satisfaction with regard to the disposal proceeds from the asset over which their security was established (for details see below the subsection "*Rights of the Creditors in Insolvency Proceedings*").

Insolvency in the Czech Republic is regulated by Act No. 182/2006 Coll. on insolvency and methods of its resolution, as amended (the "**Insolvency Act**") and is also governed by European Insolvency Regulations. Insolvency proceedings are generally applicable to all persons or entities.

Pursuant to the Insolvency Act, a debtor shall be deemed bankrupt (*v úpadku*) if it is either insolvent (*platební neschopnost*) or over-indebted (*předlužen*).

A debtor is insolvent if all of the following assumptions are fulfilled: it (a) has several creditors (i.e., at least two); (b) has monetary obligations overdue for more than 30 days; and (c) is unable to satisfy such obligations. The debtor is deemed unable to satisfy its monetary obligations in the event that: (i) it has stopped making payments of a substantial part of its monetary obligations; (ii) it has not paid such obligations for a period of more than three months following their maturity; (iii) it is not possible to satisfy any of the overdue monetary receivables towards the debtor through enforcement or execution; or (iv) it fails to submit to the insolvency court lists of its property, obligations and employees (in cases where such lists shall be submitted by the debtor to the insolvency court pursuant to the Insolvency Act). On the other hand, it is presumed that the debtor who is a business person (an individual debtor who is carrying on business activities for profit (a "business person") and keeps accounting books) is able to meet its obligations if (i) the difference between its due monetary obligations and its available cash is less than 10% of its due monetary obligations, or (ii) a cash liquidity forecast prepared and certified by an external expert proves that such difference is to drop below 10% of debtor's due monetary obligations in the following 8 – 12 weeks.

A debtor (a business person only) is over-indebted if it has at least two creditors and the sum of its liabilities exceeds the value of its property. When estimating the value of the debtor's property, the further management of its property or the further operation of its business is also taken into account, provided that given all the circumstances it may be reasonably assumed that the debtor will be able to continue with managing its property or operating its business. In the case of over-indebtedness, all of the debtor's debts are taken into account, irrespective of whether they are already due or not.

The Insolvency Act also governs so-called "impending insolvency," which means a case when it is justified to assume, in the light of all relevant circumstances, that the debtor will be unable to satisfy a substantial part of its monetary obligations in a due and timely manner.

There are three ways to solve the debtor's insolvency: (a) bankruptcy proceedings; (b) reorganization; or (c) debt clearance (the last option is only for a legal entity that is not deemed to be a business person under law and at the same time does not have any debts from a business activity, or a natural person who does not have any debts from a business activity). Reorganization, as a manner for resolving the debtor's insolvency, is permissible only for a debtor (a business person) with a net turnover of CZK 50,000,000 in the last accounting period, or with at least 50 employees. With the creditors' consent, however,

reorganization is also available to smaller debtors, subject to further procedural conditions. Reorganization may not be used, *inter alia*, by companies in liquidation.

Since only few debtors fulfill these criteria for reorganization, the most common way of resolving the debtor's insolvency in the Czech Republic is bankruptcy proceedings.

The creditors' meeting may pass a resolution on the method of resolving the insolvency (i.e. either reorganization or bankruptcy liquidation) of an insolvent debtor. Such a resolution, however, needs to be passed by a quorum of either half of all secured creditors in attendance and half of all unsecured creditors in attendance, or by 90% of all creditors in attendance, based on the value of their respective claims. If such a resolution regarding the method for resolving the insolvency is passed, it is then confirmed by the insolvency court.

The creditors' meeting will have to constitute a creditors' committee (*věřitelský výbor*). A creditors' committee may have from 3 to 7 members (as may be decided by the creditors' meeting) and has a primarily organizational and supervisory role. The number of members of the creditors' committee nominated by the unsecured creditors must be at least as high as the number of members nominated by the secured creditors. Where the number of creditors with submitted claims does not exceed 50, the creditors' meeting can appoint a representative of the creditors (*zástupce věřitelů*) whose function is identical to that of a creditors' committee.

Unless the insolvency court approves the reorganization as the method for resolving the insolvency in the same decision in which it declares the insolvency of a debtor, the court has to make the decision on the method of resolving insolvency no later than 3 months after the decision on insolvency has been issued. There is also a special case of so called pre-packaged reorganization. If the creditors' meeting passes a resolution on the method of resolving the debtor's insolvency, such resolution of the creditors' meeting is binding on the insolvency court.

All information on insolvency proceedings in the Czech Republic is publicly accessible in the Insolvency Register maintained in an electronic form by the Ministry of Justice.

Bankruptcy

Bankruptcy is the most frequent method of dealing with a debtor's insolvency and in most cases effectively leads to termination of the debtor's business. On the other hand, a declaration of bankruptcy need not necessarily result in the termination of the debtor's operations, as the insolvency trustee becomes responsible for running the debtor's enterprise and may, if the insolvency trustee considers this appropriate and economically viable, continue in operating the business of the insolvent debtor (provided that there is an economic reason and benefits for the creditors) with a view of selling the business as a going concern. The general purpose of bankruptcy is the proportionate satisfaction of creditors from the sale of debtor's assets forming the insolvency estate (*majetková podstata*) (the "insolvency estate"). Upon declaration of the bankruptcy, claims not yet due become due and payable and court, administrative or other proceedings concerning the insolvency estate involving the debtor are suspended, unless the Insolvency Act stipulates otherwise. The Insolvency Act further provides for specific provisions concerning the termination of particular types of agreements as a result of the declaration of bankruptcy. With respect to executory contracts (agreements containing unperformed acts of either the debtor or the contracting party at the time of the declaration of bankruptcy), the insolvency trustee shall be entitled to perform such agreement on behalf of the debtor or it may reject such agreements. In a bankruptcy the debtor's assets are realized (sold) at a (public or judicial) auction or outside an auction (i.e. direct sale) and the proceeds of such realization are distributed among debtor's creditors in accordance with the Insolvency Act.

Reorganization

The general purpose of reorganization is the preservation of the debtor's business as a going concern while it restructures its capital structure. A reorganization is only available to a debtor—business person

(whether a legal entity or a natural person) and with respect to debtors with at least 50 employees or a total turnover of at least CZK 50 million (approx. EUR 1.9 million) for the accounting period immediately preceding the filing of the insolvency petition. With the creditor's consent, however, reorganization is also available to smaller debtors, subject to further procedural conditions. The reorganization may be proposed by either the debtor or a creditor within time limits set out by the Insolvency Act. Other debtors not meeting these criteria may enter into reorganization only if they submit a plan pre-approved by the majority of secured and unsecured creditors within 15 days after the decision on declaration of insolvency (pre-packaged reorganization). Certain types of debtors may not reorganize at all.

A court will authorize a reorganization proceeding upon an application made in good faith by the debtor or, subject to a creditors' meeting approval, by a creditor. The debtor's management then has an exclusivity period of 120 days (which the court may extend by up to another 120 days) to submit a proposal of a reorganization plan, unless the creditors' meeting decides otherwise, in which case a creditor may do so. The reorganization plan with a disclosure report is, subject to the court's approval of the report, then submitted to a vote by the creditors. The content of the plan is not limited by the law—it can set forth any lawful measures.

In reorganization, the debtor remains in possession, subject to monitoring by the trustee who exercises certain administrative functions, and the creditors' committee. The trustee can also exercise all voting rights of the shareholders except the right to elect the management, which remains elected by the shareholders subject to creditors' committee approval. In certain specific cases, the creditors' committee has a right to appoint the debtor's statutory bodies, in particular when the creditors drive the reorganization.

All details on reorganization, including handling of debtor's indebtedness and corporate restructuring, are included in the reorganization plan. The reorganization plan is subject to general approval of creditors and shareholders voting in classes for the purposes of plan approval. The plan needs to comply with statutory requirements, including the fair treatment of creditors and the retention or renewal of security for secured creditors. Final approval on the restructuring plan lies with the insolvency court which can approve the plan even if certain classes disagreed with the plan, provided that the statutory requirements are met (cram-down). The resolution of the insolvency court may be subject to appeal.

A so-called pre-packaged reorganization is a condensed process derived from the reorganization as described above. Under the given circumstances, pre-packaged reorganization would be based on the premise that the entire process is pre-discussed among the relevant debtor and its creditors, and as a result of such negotiation the reorganization plan would be prepared by such debtor (preferably with assistance of its major creditors) prior to the commencement of the insolvency proceedings. For the rest, the principles of standard reorganization apply.

In a pre-packaged reorganization, the petition for insolvency is always filed by the relevant debtor and has to include provisions indicating that the required method for resolving insolvency is reorganization. A reorganization plan which has been approved by a majority of its secured creditors and a majority of its unsecured creditors must be attached. The insolvency court then shall pass a decision on insolvency in which it approves of reorganization being the method for resolving the insolvency. The creditors may agree with the debtor and determine the insolvency trustee to be appointed by the court at the onset of the proceedings.

Commencement of the insolvency proceedings and its consequences

Insolvency proceedings are commenced upon an insolvency petition being delivered to the relevant insolvency court. However, the effects of the commencement of insolvency proceedings are only invoked upon the publication of the notice of the commencement of insolvency proceedings in the insolvency register. The insolvency petition can be filed by the debtor or any creditor of the debtor. A debtor is required under the Insolvency Act to file an insolvency petition after it learns or should have learned, while acting with due care, of the debtor's insolvency. Such obligation also applies to the statutory representatives of

the debtor, its statutory body or a liquidator of a legal entity. In the event that statutory representatives of the debtor, its statutory body or its liquidator fail to follow their duty to file the insolvency petition, they shall be liable for damages suffered by the creditors as a result of such failure. Only the debtor may file the insolvency petition for an impending insolvency.

Furthermore, in case creditors intend to initiate an insolvency proceeding and file the insolvency petition, the insolvency court must first conduct a preliminary assessment as to whether there exist “good grounds to doubt the legitimacy” of such insolvency petition (i.e. whether the insolvency court could dismiss the insolvency petition for being apparently groundless). This measure was enacted to serve as a protection of potential debtors against frivolous or vexatious petitions filed by creditors. In general, insolvency petitions are considered to be frivolous or vexatious if they, in fact, pursue a goal other than that of resolving the debtor's insolvency. According to Section 128a(2) of the Insolvency Act, an insolvency petition is groundless, in particular, where: (i) the creditor proves its entitlement to file the insolvency petition using a receivable which may not be considered for the purposes of a decision on insolvency (ii) it is a repeat filing and the insolvency petitioner fails to prove that it has fulfilled obligations imposed on it by a previous decision of the insolvency court, (iii) the creditor by filing the insolvency petition clearly intends to abuse its rights to the debtor's detriment, or (iv) the deposit for the costs of the insolvency proceedings, which was payable simultaneously with filing the insolvency petition, was not paid in due and timely manner. If the insolvency court concludes that there are, indeed, “good grounds to doubt the legitimacy” of the insolvency petition submitted by creditors, it must decide no later than by the end of the business day following the receipt of the insolvency petition that neither the insolvency petition nor other underlying documentation will be published in the insolvency register. Following this decision, the insolvency court has seven days to either (i) dismiss the insolvency petition as clearly groundless, or (ii) to publish the notice of initiation of insolvency proceedings in the insolvency register (in case it, ultimately, concludes that there are no grounds for dismissing the insolvency petition).

The insolvency court may appoint a preliminary insolvency trustee (and must do so if so requested by a debtor in the motion for a moratorium or if the court issues a preliminary injunction). Unless such preliminary insolvency trustee has specific powers granted by a court, a preliminary insolvency trustee has only limited powers (i.e. compiling an inventory of the debtor's assets and reviewing its accounting books).

Effects of Opening Insolvency Proceedings

The commencement of the insolvency proceedings has the following key effects resulting in an immediate stay on individual creditor action: (i) claims and other rights of the creditors may not be enforced through an individual court action as long as such claims may be filed within the insolvency proceedings; (ii) any enforcement or creation of security must be carried out under the conditions set out in the Insolvency Act; and (iii) except in the case of enforcement of certain priority receivables towards the insolvency estate (such as remuneration and costs of the insolvency administrator) and certain other priority receivables, enforcement of a decision affecting the debtor's assets may be ordered but may not be carried out.

Following the commencement of the insolvency proceedings, the debtor's authority to dispose of its assets will be very limited. The debtor may not perform any steps that would affect the structure, use or determination of the assets in a substantial way. In fact, the debtor is entitled to dispose of its assets only in the ordinary course of the debtor's business (i.e. thereby excluding major, risky and unusual transactions). In addition to the immediate stay on creditor action, on the application of the debtor (with the approval of the majority of creditors by value) the insolvency court may declare a moratorium over the debtor. The insolvency court will set the period for the moratorium up to three months. This period can be further extended by the insolvency court on the application of the debtor (with the approval of the majority of creditors by value). If a moratorium is declared, the court may not, for the period of the moratorium, declare the debtor insolvent and the contracts required for the continuation of the debtor's business are protected. Key suppliers may be paid and are restricted from terminating supply agreements. Note that in practice such moratoria are rare and almost never successful.

If the insolvency court ascertains that the debtor is insolvent, the court will appoint an insolvency administrator, who has a major impact on the course of the insolvency proceedings.

Court's decision on insolvency and its consequences

The insolvency court must decide on the insolvency within 15 days from filing by a debtor, and it must perform its first act in the insolvency proceedings within 10 days from the filing of the petition for insolvency if filed by a creditor. The decision on insolvency in the latter case must be issued by the relevant insolvency court without undue delay; practically, a contested creditor's insolvency petition usually takes three to six months to resolve, however, one cannot exclude the possibility that it may take substantially longer. In its decision on insolvency, the insolvency court must, among other things, call upon the creditors to submit their claims within a 2 months period. The decision must include a notice to debtors of the insolvent debtor according to which any obligations towards the insolvent entity should be performed directly to the insolvency trustee. Importantly, the decision must also contain a specific place and date for the creditor's meeting to take place.

The insolvency court will also appoint an insolvency trustee who holds the power to deal with the insolvency estate to the extent that the debtor is prohibited by law or a decision of the insolvency court from dealing with its estate. The insolvency trustee will also ascertain, examine, list and collect in the debtor's assets and scrutinize filed claims. The insolvency trustee's remaining tasks will depend on whether the debtor's insolvency will be resolved by "bankruptcy" (*konkurz*) or "reorganization" (*reorganizace*).

Rights of the Creditors in Insolvency Proceedings

After an insolvency petition has been filed and the insolvency court declares a debtor insolvent, its creditors must register their claims within the period specified in the insolvency court's decision, which under the Insolvency Act is set forth for 2 months. Claims in a foreign currency shall be converted into CZK at the official exchange rate issued by the Czech National Bank as of the date the commencement of insolvency proceedings is published or as of the due date of the relevant claim if such claim matured at an earlier date. Claims registered after the deadline has expired will not be satisfied in the insolvency proceedings. Submission of a claim must be filed on a special form and complemented by all relevant documentation specified within the form. The creditors may also file their claims which are future or contingent claims. Contingent claims are claims whose maturity is dependent on the fulfillment of certain documents.

Submitted claims can be contested as to their authenticity, amount and/or ranking. A debtor, the insolvency trustee or any registered creditor can contest the submitted claims. As a defense against contesting claims by insolvency trustee or a debtor, the contested creditor has to file an action with a court within 30 days after the verification of submitted claims is conducted by the insolvency trustee and seek recognition of its claim.

The Insolvency Act recognizes a preferred group of creditors, the "secured creditors," whose receivables are secured by a right to assets belonging to the insolvency estate such as a pledge, a retention right, a limitation of the right to transfer of real estate, a security transfer of a right or an assignment of a receivable or another similar right pursuant to foreign law. The secured creditor's claims rank after certain administrative claims but, to the extent they are secured, in priority to the unsecured creditors. The secured creditor may actually rank differently with respect to different portions of its secured claims. The secured creditor's claims shall be satisfied (up to the amount of the secured claim) from the gross proceeds of sale of the relevant security asset, less the costs of sale of the relevant security asset, the costs of maintenance and the insolvency administrator's remuneration. The rest of the secured creditor's claim (if any) will be settled *pari passu* with unsecured creditors.

In connection with filing of creditors' claims it is important to note that the Insolvency Act sets out sanctions for overvaluation of creditor's claims. If, during the review process in the insolvency proceedings, it is revealed that the actual amount of a filed claim is less than 50% of the amount of the filed claim, the consequences for the creditor are as follows: (i) the filed claim will not be taken into consideration even to

the extent it is actually ascertained (unless the insolvency court's decision on the amount of the filed claim depended on an expert's opinion or the court's discretion); and (ii) the creditor may be ordered by a court (upon the insolvency administrator's motion) to pay in favor of the "insolvency estate" an amount of up to the amount constituting the excess of the filed claim over the actual amount of the receivable. A similar consequence will occur if it is ascertained that the secured creditor has the right to receive satisfaction of a filed claim to the extent of less than 50% of the amount of the secured filed claim or that such secured creditor has the right to receive satisfaction ranking lower than what was claimed in the filing. In such instances: (i) the creditor's right to that security shall not be taken into account (the secured creditor becomes an unsecured creditor) (unless the insolvency court's decision on the amount of the filed claim depended on an expert's opinion or the court's discretion); and (ii) the court may order the creditor to pay creditors who claim to receive payment on a secured basis over the same assets up to the amount by which the amount of the secured claim in the filing exceeds the value of the secured claim as determined in the insolvency proceedings.

Ineffectiveness of Legal Acts in Insolvency Proceedings

Pursuant to the Czech Insolvency Act, the ineffectiveness of the following legal acts of the debtor shall be established by a decision of the insolvency court on an action filed by the insolvency administrator, provided that the debtor has through such acts impaired the ability or reduced the sums available for the satisfaction of its creditors or has favored certain creditors at the expense of others:

- legal acts by which the debtor enters into transactions without receiving consideration (*bezúplatně*), or for consideration substantially lower than the usual price for performing such a transaction (the "**Legal Acts at Undervalue**");
- legal acts by which the debtor enters into transactions with the intention to curtail the satisfaction of its creditor or creditors whilst such intention was or must have been known to that creditor or creditors (the "**Fraudulent Transfers**"); and
- legal acts which result in a creditor receiving greater consideration than it would otherwise have received in the debtor's bankruptcy, to the detriment of other creditors (the "**Preferential Legal Acts**").

It is upon the discretion of the insolvency administrator whether to file an action challenging such legal actions of the debtor. The insolvency administrator is always required to do so upon the resolution of the creditors' committee.

The insolvency administrator may file an action against all such acts that were taken by the debtor in the last three years preceding the commencement of the insolvency proceedings for the benefit of a person forming a corporate group, i.e. being affiliated with the debtor, or within one year preceding the commencement of the insolvency proceedings for the benefit of any third party. In general, the Insolvency Act shifts the burden of proof in respect to certain matters on the insolvent debtor's counterparty and extends the clawback periods in case of legal acts made in favor of connected persons. In relation to the Fraudulent Transfers, the period in each case is five years preceding the commencement of the insolvency proceedings.

If the action of the insolvency administrator is successful, a person in whose favor a debtor's performance under ineffective legal acts was delivered or transferred must return such debtor's performance to the "insolvency estate." Persons benefiting from such ineffective legal act are also subject to such obligation.

The Legal Act at Undervalue is defined by the Czech Insolvency Act as an act by which the debtor enters into transactions without receiving consideration (*bezúplatně*), or for consideration substantially lower than the usual price for performing such a transaction, provided that the act was performed by an insolvent debtor or the act might have caused the debtor's insolvency. The Legal Act at Undervalue undertaken by the debtor for the benefit of a company in the same corporate group is deemed to be an act undertaken

by the debtor when insolvent and hence the burden is on the debtor to prove that it was not insolvent at the time of the transaction or that the act was not made at an undervalue. Some acts, however, are not considered as the Legal Acts at Undervalue, such as the performance of the debtor imposed by a legal regulation, an occasional gift of reasonable value or legal acts from which the debtor reasonably expected to gain a reasonable profit, provided that such legal act was not performed for the benefit of a person belonging to the same group of companies and that the person for whose benefit the act was undertaken could not have discovered, acting diligently, that the debtor was insolvent or that the act might have caused the debtor's insolvency.

The Preferential Legal Act is defined by the Insolvency Act as an act on the basis of which any creditor receives greater consideration than it would otherwise have received in the debtor's bankruptcy, to the detriment of other creditors, provided that the act was performed by an insolvent debtor or the act might have caused the debtor's insolvency. The Preferential Legal Act undertaken by the debtor for the benefit of a company in the same corporate group is deemed to be an act undertaken by the debtor when insolvent and hence the burden is on the debtor to prove that it was not insolvent at the time of the transaction or that the act was not a preference. Preferential Legal Acts include acts by which the debtor: (i) repaid a debt before maturity; (ii) agreed on an amendment or replacement of an obligation to its detriment; (iii) waived or otherwise enabled the expiry or non-performance of its claim; or (iv) provided its property as security for an existing obligation.

Fraudulent Transfers are acts by which the debtor intentionally curtailed the satisfaction of a creditor, provided that such intent was or must have been known to the other party. When such legal act is taken for the benefit of the person forming a corporate group with the debtor, the debtor's intent shall be deemed to have been known to the other party.

All legal acts taken by the debtor and an affiliated company within the relevant time frame (i.e. three years preceding the commencement of the insolvency proceedings, or, in case of Fraudulent Transfers, five years preceding the commencement of the insolvency proceedings) are generally closely examined by the insolvency administrator and the creditors' committee.

All most relevant information on insolvency proceedings in the Czech Republic is publicly accessible in the Insolvency Register, maintained in electronic form by the Ministry of Justice.

Amendments to the Insolvency Act adopted in recent years aimed to strengthen the transparency of the Czech insolvency proceedings. For instance, it prevents the insolvent debtors from forum shopping, provides additional protection against creditors' insolvency petitions, requires a creditor to disclose its beneficial owners, if it acquired a claim against a debtor within 6 months prior to the commencement of, or during insolvency proceedings, formally incorporated a possibility of creditors to file their claims which represent future or contingent claims and introduced changes to voting rights within the assembly of creditors, particularly prevents creditors forming a corporate group with the debtor to vote in all matters except for a reorganization plan submitted by another person than a debtor or a creditor within that corporate group.

Preventive Restructuring

In addition, on 23 September 2023 the new Act on Preventive Restructuring entered into force. The Act implements the EU Directive on Restructuring and Insolvency of 20 June 2019 (EU) 2019/1023. The Czech legal system therefore also recognizes the concept of preventive restructuring (known as an out-of-court agreement). Preventive restructuring is a process in which an agreement is reached between a company and its key creditors with the aim of preventing the initiation of insolvency proceedings, saving the company from bankruptcy, and avoiding the cessation of its activities while maintaining or restoring the operational viability of the business enterprise.

Preventive restructuring proceedings may be initiated when a debtor is experiencing financial distress and faces a risk of insolvency. While the debtor may be over-indebted, shall be not insolvent in the form of illiquidity (*platební neschopnost*) (cash-flow insolvency). These proceedings can be conducted either publicly or privately. The restructuring process is quite flexible and customized. The primary objective is to enable the debtor to restructure its debts, assets, capital structure or operations. A new financing provided to support the restructuring is granted specific legal protections.

The act also gives the company powerful tools in the form of general or individual moratorium (general/individual stay) providing protection against enforcement actions of secured and unsecured creditors and against discontinuation of key contracts. Both types of moratoria can have significant implications for creditors' rights and may last several months.

Service of Process and Enforcement of Civil Liabilities/Enforcement of Notes Guarantee

Although, technically speaking, the submission to the jurisdiction of the courts of the State of New York would be recognized under Czech law, there is a serious risk, for reasons described below, that a judgment given by the courts of New York would not be recognized or enforceable in the Czech Republic. Especially, regardless of the parties' submission to jurisdiction, all matters relating to the constitution and to the existence of the Czech entities would always be under the exclusive jurisdiction of the courts of the Czech Republic. The Czech courts would also always have jurisdiction in respect of the insolvency of a Czech entity and in respect of the enforcement of a claim in the Czech Republic. The recognition and enforceability of a judgment obtained in New York would also be governed by Czech Act No. 91/2012 Coll., International Law Act (the "**International Law Act**"). There is a significant risk, based on Section 15 of the International Law Act, that a judgment handed down by a New York court would not be recognized in the Czech Republic. Section 15(1)(f) states that a foreign judgment cannot be recognized or enforced unless the reciprocal enforcement of judgements given by the Czech courts of the Czech Republic is ensured in the relevant foreign country. The United States and the Czech Republic do not presently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters in the Czech Republic (save for certain family matters), nor has the Czech Ministry of Justice declared that reciprocity has been established with the United States in practice. Nevertheless, the Czech Ministry of Justice may, subject to consultations with the Czech Ministry of Foreign Affairs (among others), declare that reciprocity has been established with respect to a particular foreign country. However, even in such a case, the declaration (of establishment of reciprocity) would be considered and treated only as an evidence by Czech courts and other state authorities of the Czech Republic and, therefore, it would not be automatically binding upon the courts. As stated, no such declaration of reciprocity has been issued by the Czech Ministry of Justice with respect to the United States. Therefore, judgments rendered by federal or state courts in the United States are not currently generally recognized and enforceable in the Czech Republic.

Even if the reciprocity of recognition and enforcement of U.S. and Czech court judgments is established and/or declared in the future, judgment(s) obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon the U.S. federal securities laws, will not be recognized and enforced in Czech courts pursuant to the provisions of International Law Act, as amended, if, among other things: (a) the matter falls under the exclusive jurisdiction of Czech courts or if the respective U.S. court proceedings could not have been carried out by any authority in the U.S., should the rules regulating the jurisdiction of Czech courts be applied to assessing the jurisdiction of the U.S. authority, unless the participant(s) in the proceedings against whom the judgement is given have voluntarily submitted to the jurisdiction of that U.S. authority; (b) if proceedings are pending before a Czech court with regard to the very same legal relation(s) and if such Czech proceedings commenced prior to the U.S. proceedings, in which the U.S. judgement whose recognition has been proposed, was given; (c) if a Czech court has already issued a judgement about the same legal relations and such a judgment has already come to legal force, or if the judgement of the body

of a third state which came to legal force has already been recognized in the Czech Republic; (d) if a participant in the U.S. proceedings, with regard to whom the judgement is to be recognized, has been deprived of the ability to duly participate in the U.S. proceedings by actions taken or inaction adopted by the U.S. authority, including, without limitations, when the said participant has not been served and delivered summons or the motion which seeks to commence such foreign proceedings; or (e) any such recognition would be manifestly contrary to public order. Without prejudice to the immediately foregoing conditions, the reciprocity would not be required if the U.S. judgement was not aimed at a citizen of the Czech Republic or a Czech legal entity.

Nonetheless, investors have an option to commence proceedings directly in the Czech Republic in which proceedings the judgment rendered by a U.S. court would serve as documentary evidence. However, such proceedings could be very lengthy, since a Czech court first would have to ascertain the U.S. securities law as the substantive law governing the subject matter of proceedings. Moreover, no assurance could be given that a judgment of a Czech court would be identical to the one issued by a U.S. court, as any such decision by a U.S. court would not be binding on Czech courts.

Any person bringing an action in the Czech Republic may be required to: (i) submit to the court a translation in the Czech language (apostilled if applicable pursuant to respective international treaties) of any relevant document prepared by a sworn translator authorized by such court; and (ii) pay a court filing fee.

With respect to service of documents in civil or commercial matters involving the Czech Guarantor and brought to or pending before U.S. courts, it may be possible for investors to effect service of process within the Czech Republic upon the Czech Guarantor provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of 15 November 1965 is complied with.

England and Wales

Certain of the Guarantors are companies incorporated in England (the “**English Guarantor**”) and, in accordance with the terms and conditions of the Indenture and the Notes, are obliged to guarantee the Notes (the “**English Guarantee**”).

Therefore, any insolvency of an English Guarantor would likely be governed by English insolvency laws and such insolvency proceedings would likely be commenced in England. However, insolvency proceedings in relation to the English Guarantors could also be opened in a country other than England and Wales in circumstances dictated by the domestic local rules of the jurisdiction in which those insolvency proceedings were to be commenced. For example, pursuant to the EU Insolvency Regulation, where a company incorporated in England has its center of main interests (“**COMI**”) in a member state of the EU, then the main insolvency proceedings for that company may be opened in the member state in which its COMI is located and be subject to the laws of that member state. In addition, the Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency (subject to certain modifications) in Great Britain, provide that certain collective foreign (i.e. non-English) proceedings may be recognized by the English courts as foreign main proceedings where any English company has its COMI (for the purposes of the Cross-Border Insolvency Regulations 2006 which may differ from “COMI” under the EU Insolvency Regulation) in that foreign jurisdiction, or as foreign non-main proceedings where it has an “establishment” in such foreign jurisdiction (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services). Upon recognition of a foreign proceeding, the foreign representative has standing to make an application to the court for an order under or in connection with (among others) sections 238 (in relation to transactions at undervalue), 239 (in relation to preferences), 244 (in relation to extortionate credit transactions) and 423 (in relation to transactions defrauding creditors) of the Insolvency Act 1986 (the “**Insolvency Act**”) (see below at “*Avoidance of transactions*”). For such purpose, certain time periods and notice periods specified

in such sections shall be determined by reference to the date of the opening of the foreign proceeding or the date on which a person has notice of the opening of the relevant foreign proceedings as provided in the Cross-Border Insolvency Regulations 2006. Where such an application is made, then those sections (together with ancillary sections of the Insolvency Act 1986 relating thereto) shall apply whether or not the company is being wound-up or is in administration under UK insolvency law.

The English courts in some circumstances have jurisdiction to open insolvency proceedings not only in respect of a debtor or guarantor that is incorporated in England and Wales (such as the English Guarantors). The English courts may have jurisdiction to open insolvency proceedings in respect of a foreign (i.e. non UK) entity in relation to specific insolvency proceedings (these are set out more fully below, but by way of example, the English courts may have jurisdiction to place foreign companies into compulsory liquidation as an unregistered company). Whether such proceedings would be recognized in the jurisdiction of incorporation of the relevant foreign company will generally be a matter for the law of that jurisdiction.

English insolvency law is different to the insolvency laws of the United States and other jurisdictions with which investors may be familiar. In the event that an English Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. English insolvency laws and other limitations could limit the enforceability of an English Guarantee against the relevant English Guarantor.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the English Guarantees. The application of these laws could adversely affect investors, their ability to enforce their rights under the English Guarantees, and therefore may limit the amounts that investors may receive in an insolvency of an English Guarantor.

Administration

A company can enter into administration if the company: (i) is registered under the Companies Act 2006 (“**CA 2006**”) in England and Wales or Scotland; (ii) is incorporated in an EEA State; or (iii) is not incorporated in an EEA State but has its COMI (for the purposes of the Insolvency Act) in an EU member state (other than Denmark) or in the UK.

There are two methods for placing a company into administration: (i) an application to court followed by a court order for administration (the ‘in-court route’); or (ii) the filing of certain forms with the court following which the administration takes effect (the ‘out-of-court route’). The in-court route is commenced by an application to court by, amongst others, the company itself, a majority of its directors, one or more of its creditors including contingent or prospective creditors and, where applicable, the Financial Conduct Authority or the Prudential Regulation Authority or certain other designated persons. The out-of-court method of appointment is available only to the directors, the company itself and the holder of a qualifying floating charge (“**QFC**”) as defined in paragraph 14 of Schedule B1 to the Insolvency Act. In either method, where any person other than a holder of a QFC makes an administration appointment it will be necessary to show (or in the case of the out of court route declare) that the company is, or is likely to become, unable to pay its debts (pursuant to the principles set out under section 123 of the Insolvency Act). Although the Insolvency Act doesn’t provide a formal test or definition of “insolvency,” section 123 of the Insolvency Act states that a company is deemed unable to pay its debts as they fall due in a number of circumstances: (i) if the company is deemed unable to pay its debts on a “cash flow” insolvency basis (for example, it is proved to the satisfaction of the court that it is unable to pay its debts as they fall due); or (ii) if the company is deemed unable to pay its debts as they fall due on a “balance sheet” insolvency basis by it being proved to the satisfaction of the court that the value of the company’s assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities. So called cash flow insolvency is presumed if, among other matters, the company fails either to satisfy or secure a creditor’s statutory demand for a debt exceeding £750 within 21 days of service. Regardless of how an administrator is appointed, the administrator in his or her opinion, must be satisfied that one of the following statutory

objectives can be achieved (to be looked at successively): (1) rescuing the company as a going concern or, (2) if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than would be likely upon immediate liquidation without first being in administration or, (3) if neither of those objectives in (1) and (2) is reasonably practicable, realizing property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see “—*Priority on insolvency*”).

Certain rights of creditors, including secured creditors, are curtailed in an administration. Upon the appointment of administrators or on the making of an application to appoint an administrator or the filing of a notice of intention to appoint an administrator, a statutory moratorium is imposed and no step may be taken to enforce security over the company's property except with the consent of the administrator or permission of the court (although a demand for payment could be made under a guarantee granted by the company). The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if an English Guarantor was to enter into administration, whilst the Trustee could make a demand for payment in respect of the relevant English Guarantee without the permission of the court or consent of the administrator, such English Guarantee could not be enforced by way of an institution or continuation of legal process while the relevant English Guarantor was in administration without the permission of the court or consent of the administrator. We cannot assure that the Trustee would obtain such permission of the court or consent of the administrator. In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration.

However, certain creditors of a company in administration may, in certain defined circumstances, be able to realize their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium upon an administration in relation to a “security financial collateral agreement” (generally, a charge over cash or financial instruments, such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) (the “**Financial Collateral Regulations**”).

An administrator owes his or her duties to the creditors of the company as a whole. Upon appointment, an administrator takes control of the day-to-day running of the company and takes custody or control of all property to which the administrator thinks the company is entitled. In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act, dispose of the property and the assets of a company in administration. An administrator's powers further extend to investigating why the company failed and, where appropriate, bringing actions against the directors or former directors or seeking to set aside certain transactions (see “—*Transactions at an undervalue*,” “—*Preference*” “—*Transactions defrauding creditors*” and “—*Extortionate credit transactions*” below).

Liquidation/winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realized and the proceeds of which are distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act. See “—*Priority on insolvency*.” Once the liquidator has completed this task, the company will be dissolved and removed from the register of companies. Liquidation proceedings may be opened where: (i) the company is registered in England and Wales or Scotland; (ii) the debtor's COMI is in the UK, or (iii) the debtor's COMI is in an EU member state and there is an establishment in the UK. The English courts can also open compulsory liquidation in respect of foreign companies as unregistered companies if such foreign company has a sufficient connection to England and Wales. The circumstances

in which an unregistered foreign company may be wound up by the English court are generally more limited than for registered English companies under section 122 of the Insolvency Act.

There are two distinct forms of liquidation: (a) compulsory liquidation, by order of the court and (b) voluntary liquidation which can be by way of either a members' voluntary liquidation ("**MVL**") or a creditors' voluntary liquidation ("**CVL**"), commenced by resolution of the company's members. The difference between the two latter proceedings is the solvency of the company in question; in a MVL, the directors of the company swear a statutory declaration as to the company's solvency within the following 12 months of the commencement of the winding up. The primary (albeit not exclusive) ground for the compulsory winding-up of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act). Compulsory liquidation is a court-based procedure initiated by the presentation of a winding-up petition. Voluntary liquidations are initiated by the company out-of-court. A CVL (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, but once in place is subject to some degree of control by the creditors. An MVL is a solvent voluntary liquidation that is controlled by the members.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No legal action may be continued or commenced against the company without permission of the court.

In the context of a voluntary winding-up, however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the member's resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary winding-up—it is for the liquidator, or any creditor or shareholder of the company, to apply for a stay. This is important because it means secured creditors can go ahead and enforce their security.

Regardless of how a liquidator is appointed, a liquidator owes his or her duties to the company and its creditors as a whole and has wide powers to do whatever is necessary for the conduct of the liquidation. This includes, without limitation, the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property and execute documents in the name of the company, disclaim onerous property or contracts in accordance with section 178 of the Insolvency Act, bring actions against the directors or former directors and to challenge antecedent transactions. see "*Avoidance of Transactions.*"

Priority on insolvency

One of the primary functions of winding-up (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the company in question and distribute the proceeds from those assets to the company's creditors. A liquidator or administrator will need to comply with a set statutory order of priority when he or she distributes the proceeds of realized assets to a company's creditors.

Creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

Contractual setting-off arrangements entered into after a company enters liquidation or administration are only respected to the extent they fall within the definition of “mutual dealing” as applied by the mandatory insolvency set-off regime. This regime sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and only the resulting net balance is either provable by the creditor in the administration or liquidation of the company (if amounts remain due to the creditor) or, conversely, is payable by the creditor to the company (if amounts remain due to the company).

The general priority of claims on insolvency is as follows (in descending order of priority):

First ranking claims: holders of fixed charge security and creditors with a proprietary interest in assets of the debtor but only to the extent of the realizations from those secured assets or with respect to the assets in which they have a proprietary interest;

Second ranking claims (where insolvency proceedings of a company are begun within 12 weeks following the end of any moratorium under the new stand-alone moratorium; see “*Corporate Insolvency and Governance Act 2020—Moratorium*” below): any prescribed fees or expenses of the official receiver, moratorium debts, and pre-moratorium debts for which the company did not have a payment holiday during the moratorium; Third ranking claims: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

Fourth ranking claims: ordinary preferential creditors. Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date. As between one another, ordinary preferential debts rank equally;

Fifth ranking claims: secondary preferential creditors. Secondary preferential debts are currently limited to certain categories of bank account deposits. Secondary preferential debts include claims owing to HMRC in respect of VAT, PAYE income tax, employee national insurance contributions, student loan repayments and construction industry scheme deductions. As between one another, secondary preferential debts rank equally;

Sixth ranking claims: holders of floating charge security, according to the priority of their security. This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, even after discharging or making full provisions for preferential creditor claims and expenses out of the floating charge realizations, the Prescribed Part (as defined below) must be set aside for distribution to unsecured creditors;

Seventh ranking claims: unsecured creditors, as follows:

- firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realizations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors; and
- secondly, statutory interest on the company’s debts (at the higher of the applicable contractual rate and the official rate in accordance with the Judgments Act 1838 (which as at the date of this Offering Memorandum is 8% per annum)) in respect of any period after the commencement of liquidation, or after the commencement of any administration where consent has been given to make distributions;

Eighth ranking claims: non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid. This however does not include “currency conversion” claims following the English Supreme Court Lehman Brothers ruling dated May 17, 2017; and

Ninth ranking claims: shareholders. If any surplus remains following distributions to creditors, this will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

An administrator or liquidator of a company would be required to ring-fence a certain percentage of the proceeds of realization of that company’s assets subject to a floating charge for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations) (the “**Prescribed Part**”). Under current law, this applies to 50% of the first £10,000 of net floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000 which was increased on April 6, 2020, up to £800,000 (although the maximum aggregate cap will remain £600,000 where the company’s net property is available to be distributed to the holder of a first ranking floating charge created before April 6, 2020, unless a later floating charge (over any of the company’s assets) ranks equally or in priority). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to the creditors. The Prescribed Part will not be available for any shortfall claims of secured creditors. Whether the assets that are subject to floating charges and other security will constitute substantially the whole of the company’s assets at the time that any floating charges are enforced will be a question of fact at the time.

Avoidance of transactions

There are circumstances under English insolvency law in which the granting by an English company of security and/or guarantees can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period after the granting of the security and/or guarantee.

Therefore, if during the specified period an administrator or liquidator is appointed to an English Guarantor, the administrator or liquidator may challenge the validity of the security or guarantee given by such company. The Issuer cannot be certain that, in the event that the onset of insolvency (as described below) in respect of an English Guarantor is within any of the requisite time periods, the grant of the relevant English Guarantee would not be challenged or that a court would uphold the transaction as valid.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue and preferences (as discussed below) depends on the insolvency procedure in question.

In administration, the onset of insolvency is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect.

Connected persons

If the given transaction at an undervalue or preference has been entered into by the company with a “connected person,” then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out below).

A “connected person” of a company granting a security interest or guarantee for the purposes of transactions at an undervalue or preferences is a party who is: (a) a director of the company; (b) a shadow director of the company; (c) an associate of such director or shadow director; or (d) an associate of the relevant company.

A party is associated with an individual if they are: (a) a relative of the individual; (b) the individual's husband, wife or civil partner; (c) a relative of the individual's husband, wife or civil partner; (d) the husband, wife or civil partner of a relative of the individual; or (e) the husband, wife or civil partner of a relative of the individual's husband or wife or civil partner.

A party is associated with a company if they are employed by that company.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

The potential grounds for challenge available under the English insolvency legislation that may apply to any security interest or guarantee granted by an English company include, without limitation, the following described below.

Transactions at an undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside a transaction, for example, the creation of a security interest or a guarantee (or grant other relief) where the creation of such security interest or guarantee constituted a transaction at an undervalue. It will only be a transaction at an undervalue if (i) the English company is unable to pay its debts at the time of the transaction or becomes unable to pay its debts as a result (as defined in Section 123 of the Insolvency Act) (although there is a rebuttable presumption that the company was unable to pay its debts at the time of the transaction if the transaction is made to a "connected person"), (ii) the English company enters into liquidation or administration proceedings within a period of two years ending with the onset of insolvency (as defined in Section 240(3) of the Insolvency Act) from the date of the transaction and (iii) if the English company received no consideration or if the company received consideration of significantly less value, in money or money's worth, than the consideration given by such company.

However, a court will generally not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the company to the position it would have been in had it not entered into the transaction. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts (except in the case of a transaction entered into with a connected party, where there is a rebuttable presumption that the company was unable to pay its debts at the time of the relevant transaction).

Section 246ZD provides that liquidators and administrators may assign the cause of action (including the proceeds of the cause of action) in respect of any claim under section 238 of the Insolvency Act.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside a transaction, for example, the creation of a security interest or a guarantee, (or grant other relief) where the creation of such security interest or such guarantee constituted a preference. It will only be a preference if (i) at the time of the transaction or in consequence of the transaction the English company is unable to pay its debts at the time of the transaction or becomes unable to pay its debts as a result (as defined in Section 123 of the Insolvency Act); (ii) the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company gives the preference ending with the onset of insolvency (as defined in Section 240(3) of the Insolvency Act); and (iii) the transaction has the effect of putting a creditor of the English company (or a surety or guarantor

for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. However, for the court to determine a preference, it must be shown that the English company was influenced by a desire to produce the preferential effect. If the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the company to the position it would have been in had it not entered into the transaction.

In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts at the relevant time and that there was such desire to prefer the relevant creditor, unless the beneficiary of the transaction was a connected person, in which case it is presumed that the company intended to put that person in a better position and the connected person must demonstrate that there was, in fact, no such influence. An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not such person is the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the English company in good faith, for value without notice of the relevant circumstances, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith, for value without notice of the relevant circumstances to pay a sum to the liquidator or administrator of the company, except where the payment is to be in respect of a preference given to that person at a time when such person was a creditor of the English company.

Section 246ZD provides that liquidators and administrators may assign the cause of action (including the proceeds of the cause of action) in respect of any preference claim under section 239 of the Insolvency Act.

Transactions defrauding creditors

Under English insolvency law, where it can be shown that a transaction was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, and one or more of the criteria set out in the applicable provisions of the Insolvency Act is satisfied, such transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction (with the leave of the court if the company is in liquidation or administration) and is not therefore limited to liquidators or administrators and, subject to certain conditions, the U.K. Financial Conduct Authority and the U.K. Pensions Regulator. There is no statutory time limit under English insolvency legislation within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of, or as a result of, the transaction.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not such person is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a third party in good faith, for value and without notice of the relevant circumstances, and will not require a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum to the liquidator or administrator of the company unless such person was a party to the transaction.

Extortionate credit transactions

If a company goes into administration or liquidation and it has entered into an extortionate credit transaction, the court may, on the application of the insolvency officeholder, set the transaction aside.

A transaction is extortionate if, having regard to the risk accepted by the person providing the credit, either: (i) its terms require grossly exorbitant payments to be made (whether unconditionally or in certain

contingencies) in respect of the provision of the credit; or (ii) it otherwise grossly contravenes ordinary principles of fair dealing.

The court can make an order in relation to extortionate credit transactions entered into by the company at any time during the three year period ending with day on which the company entered into administration or went into liquidation.

Disclaimer

An English liquidator has the power to disclaim onerous property, which is any unprofitable contract or other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act, by serving a prescribed notice on the relevant party. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on a company that may be detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous or because the company could have made, or could make, a better bargain. However, this power to disclaim onerous property does not apply to a contract in so far as it has been performed and a disclaimer would be construed so as to interfere with the rights of third parties as little as possible.

Limitation on enforcement

The grant of the English Guarantees must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the relevant English Guarantor's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English Guarantor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English Guarantor by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that such director considers, in good faith, would be most likely to promote the success of the relevant English Guarantor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. The legality, validity and enforceability of the obligations of the English Guarantors under in respect of the Notes are subject to matters affecting companies generally, including that: (i) its entry into and performance of such obligations: (A) are not prohibited by contracts to which it is party; and (B) have been duly authorized and do not breach or result in inconsistency with applicable laws or regulations; and (ii) the documents evidencing such obligations have been duly executed and delivered in accordance with all applicable procedures and laws. In addition, the granting of guarantees by an English company could be subject to challenge if it results in a reduction in that company's net assets as properly recorded in its books or, to the extent that it does, the company does not have sufficient distributable reserves to cover that reduction.

Enforcement of guarantees may be affected by general legal and equitable principles regarding the legality, validity and enforceability of contractual provisions and contractual obligations and liabilities (including guarantees).

Foreign currency

Under United Kingdom insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into pounds sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. This provision overrides any agreement between the parties. If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English Guarantor goes into liquidation or administration and the holders of the Notes claim against such English Guarantor in respect of amounts owed under the Notes, the holders of the Notes may be subject to exchange rate risk upon any foreign currency claims being converted into pounds sterling by the office-holder.

Company voluntary arrangements

Pursuant to Part I of the Insolvency Act, a company (by its directors or its administrator or liquidator as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reducing of the company's debts. Provided that the proposal is approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it, it will bind all unsecured creditors who were entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent. However, a secured creditor may vote to the extent that it is under-secured. Shareholders of the company will also be asked to vote on the CVA.

Schemes of arrangement

Although it is not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). A scheme of arrangement is not a formal insolvency process and as such companies do not need to have commenced insolvency proceedings in order to propose a scheme. Note that the commencement of a scheme does not trigger a moratorium on claims or proceedings. An English Guarantor may be able to pursue a scheme in respect of its financial liabilities including the English Guarantee which could result in the compromise (including amendment, release or waiver) of creditors'/Noteholders' claims in respect of such guarantees. In addition, the Issuer and the non-English Guarantors could also pursue a scheme provided that they are liable to be wound up under the Insolvency Act and have a "sufficient connection" to England and Wales. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England and Wales, the company's finance documents are English law-governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme will be considered, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favor of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme. Another factor the court will consider (if applicable) when making its decision on sanctioning an English scheme, is foreign recognition of the scheme.

Corporate Insolvency and Governance Act 2020

On June 26, 2020 the Corporate Insolvency and Governance Act 2020 (“**CIGA**”) came into effect. CIGA contains three key measures that may be of particular relevance to the holders of the Notes.

Moratorium

CIGA provides for a new, free-standing moratorium for U.K. companies, which is intended to provide a company in financial distress with breathing space in which to explore its rescue and restructuring options free from creditor enforcement action. However, there are a number of exclusions in relation to which companies this applies to and such exclusions are likely to apply to the English Guarantors because (a) they are party to an agreement which is or forms part of a capital market arrangement, and (b) the arrangement involves the issue of a capital market investment (under Schedule ZA1 Insolvency Act 1986). Such ineligibility of the English Guarantors will apply in this case once the Notes have been issued.

Restructuring plan

CIGA provides for a new restructuring plan procedure which is intended broadly to follow the process for a scheme of arrangement. A restructuring plan is not a formal insolvency process and as such companies do not need to have commenced insolvency proceedings in order to propose a restructuring plan. Note that the commencement of a restructuring plan does not trigger a moratorium on claims or proceedings. A company can propose a restructuring plan to its creditors (and/or its shareholders) including in relation to the English Guarantee which could result in the compromise (including amendment, release or waiver) of creditors’/Noteholders’ claims in respect of such guarantees. Creditors will be divided into classes based on the similarity or otherwise of their rights prior to the restructuring plan and following implementation of the plan. The court must approve the class formation and the convening of restructuring plan meetings. Each class will then vote on whether they accept the plan and provided that sufficient creditors approve the plan and the court considers it a proper exercise of its discretion to sanction the plan, then the plan will be binding on all creditors regardless of whether they, individually or as a class, approved the plan. The restructuring plan is available not just to companies incorporated England & Wales but to any company with a sufficient connection to England & Wales that would be eligible for compulsory liquidation.

There are two additional conditions a company must meet in order to use a restructuring plan: (a) the company must have encountered or be likely to encounter financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern; and (b) a compromise or arrangement must be proposed between the company and its creditors (or any class of them) and the purpose of such compromise or arrangement must be to eliminate, reduce, prevent or mitigate the effect of any of the financial difficulties the company is facing.

Before the court considers the sanction of a restructuring plan, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed restructuring plan and any new rights that such creditors are given under the restructuring plan. Creditors whose rights are affected by the compromise or arrangement must be permitted to participate in the meeting and vote on the plan but there is no need to include creditors whose rights are not affected. Furthermore, a court may exclude even a creditor whose rights are affected where it is satisfied that none of the members of that class has a genuine economic interest in the company.

In respect of a consensual restructuring plan (i.e. one where each class of creditors votes in favor) to be capable of being sanctioned by the court, 75% in value of creditors present and voting (in person or by proxy) in each class must agree the compromise or arrangement. In respect of a “cram-down” restructuring plan (i.e., a restructuring plan where there is a dissenting class of creditors), the court may still sanction a plan, provided that (a) the court is satisfied that none of the dissenting classes are any worse off under the plan than they would be in the event of the “relevant alternative” (referred to below); and (b) the plan has been agreed by a number representing 75% in value of a class of creditors, present and voting (in person

or by proxy) who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative. The relevant alternative is whatever the court considers would be most likely to occur in relation to the company if the compromise or arrangement were not sanctioned by the court.

The restructuring plan then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the restructuring plan and consider whether it is reasonable. The court has discretion as to whether to sanction the restructuring plan as approved, make an order conditional upon modifications being made or reject the restructuring plan. Another factor the court will consider (if applicable) when making its decision on sanctioning an English restructuring plan, is foreign recognition of the restructuring plan.

Statutory demands and winding-up petitions

CIGA provides for temporary restrictions on certain types of enforcement action in respect of unpaid debts. Specifically, CIGA (as amended by The Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020): (i) prevents any statutory demands made against companies in the period between March 1, 2020 and September 30, 2021, from being used as the basis of a winding-up petition at any point on or after April 27, 2020; and (ii) in respect of any winding-up petition presented in the period from April 27, 2020 to September 30, 2021, create an additional condition that must be satisfied before a creditor can obtain a winding-up order against a company on the grounds that it is unable to pay its debts, namely that any creditor asking the court to make a winding-up order on those grounds must first demonstrate to the court that the company's inability to pay its debts was not caused by the coronavirus pandemic. The time periods within which these provisions currently apply may also be extended by way of statutory instrument.

Under section 127 of the Insolvency Act certain transactions, including any disposition of the company's property and any transfer of shares made after the commencement of a winding-up, unless sanctioned by the court, are void (see "*—Liquidation/winding-up*" above).

France

Insolvency

Certain of the Guarantors conduct part of their business activity in France and, to the extent that such Guarantors or their main center of interests within the meaning of Article R. 600-1 of the French *Code de commerce* is deemed to be in France, it could be subject to French court-assisted proceedings affecting creditors, i.e., *mandat ad hoc* or *conciliation* proceedings (which do not fall within the scope of the EU Insolvency Regulation). In addition, to the extent that (i) its COMI is deemed to be in France or it has an establishment in France or, (ii) in cases where the EU Insolvency Regulation does not apply, its registered office or its main center of interests within the meaning of Article R. 600-1 of the French *Code de commerce*, is deemed to be in France, it could also be subject to French court-administered proceedings affecting creditors, i.e., either safeguard proceedings and accelerated safeguard proceedings (*sauvegarde* and *sauvegarde accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

In order to transpose the EU Restructuring Directive into French law, the French government issued:

- on September 15, 2021, ordinance no. 2021-1193 (the "**2021 Ordinance**"), effective as from October 1st, 2021 in respect only (with limited exceptions) of preventive and insolvency proceedings opened as of such date; and
- on September 23, 2021, decree no. 2021-1218 (the "**2021 Decree**") for the implementation of the 2021 Ordinance.

Annex A of the EU Insolvency Regulation lists safeguard, accelerated safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation. Any Guarantor having its COMI in France could be subject to French main insolvency proceedings within the meaning of the EU Insolvency Regulation and any Guarantor having an establishment in France and its COMI in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings within the meaning of the EU Insolvency Regulation. Annex A of the EU Insolvency Regulation also lists accelerated financial safeguard proceedings as insolvency proceedings but accelerated financial safeguard proceedings no longer have a separate existence under French law as they have been merged into accelerated safeguard proceedings as of October 1st, 2021 (save for proceedings commenced before this date) by the 2021 Ordinance.

Specialized courts exist for (i) conciliation or court-administered proceedings with respect to debtors that meet or exceed (on a stand-alone basis or together with the companies under their control) (x) €20 million in net turnover and 250 employees or (y) €40 million in net turnover, (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation or (iii) in cases where the EU Insolvency Regulation does not apply, from the debtor having its main center of interests within the jurisdiction of such specialized courts.

In addition, the French court that commences preventive or insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of the group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above and to specific control thresholds). Accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator (*administrateur judiciaire*) and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes and/or the Guarantee granted by the Guarantor.

Grace Periods

In addition to insolvency laws discussed below, you could, like any other creditors, be subject to Article 1343-5 of the French *Code civil*.

Pursuant to the provisions of this Article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations that are due and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by the French government) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1343-5 of the French *Code civil* will suspend any pending enforcement measures, and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see section "*Court-Assisted Proceedings*" below).

Warning procedure (*procédure d'alerte*)

In order to anticipate a debtor's difficulties to the extent possible, French law provides for certain warning procedures, which take place in stages. If a company is incorporated as a *société anonyme*, when there are elements which the statutory auditor of the company believes place the company's existence as a going concern in jeopardy, he or she must request the chairman of the board of directors (*conseil*

d'administration) or of the management board (*directoire*) to provide an explanation for the situation (Stage 1 of the warning procedure). Failing satisfactory explanations or corrective measures by the said chairman within 15 days following the request, the statutory auditor must request that the board of directors or the management board be convened and may request to be heard by the president of the relevant commercial court (Stage 2 of the warning procedure). The minutes of the board of directors, or of the management board's meeting are sent to the employee representatives and the president of the relevant commercial court during Stage 2, as Stage 1 proceedings are confidential.

If, despite the statutory auditor's request, the board of directors, or the management board, has not been convened, if the statutory auditor has not been summoned to the meeting of the board, or if the statutory auditor concludes that in the context of this meeting satisfactory explanations have not been given and appropriate corrective measures have not been taken by management, then management must convene a shareholders' meeting at which the auditors present a special report on the state of the company. This report is also sent to the employee representatives (Stage 3 of the warning procedure). In practice, the statutory auditor commonly invites the management to convene a shareholders' meeting. If management fails to act, then the statutory auditor convenes the shareholders' meeting himself/herself and sets the agenda. If the statutory auditor considers that decisions made by the shareholders during the shareholders' meeting do not ensure the company's existence as a going concern, he or she must inform the president of the relevant commercial court of the warning procedure and may also request to be heard on the matter (Stage 4 of the warning procedure).

Similar warning procedures exist for companies not registered as a *société anonyme*, with minor differences in technical details of the procedure.

Shareholders representing at least 5% of the share capital and the social and economic committee have similar rights.

The president of the relevant commercial court can also summon the management to a meeting in order for them to provide explanations on elements which he or she believes put the company's existence as a going concern in jeopardy, or when the company has not filed its financial statements within the statutory timeframe, despite his injunction.

The president of the court may, concurrently with his summons to management and without having to wait for their meeting, request from the statutory auditors, the employee representatives or public entities such as financial administrations, social security and unemployment insurance organizations, any information providing a precise knowledge of the economic and financial situation of the debtor. The President of the relevant commercial court also has the right to request the same information in the event that management fails to file the company's financial statements within the applicable legal deadlines and within the month of his injunction to do so.

Insolvency Test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts (*passif exigible*) with its immediately available assets (*actif disponible*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*date de cessation des paiements*) is generally deemed to be the date of the court order commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court order. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see section "*Hardening Period*" below).

Court-Assisted Proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad hoc* or *conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders e.g., an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties but are not insolvent (see section "*Insolvency test*" above). The proceedings are informal and confidential by law (save for the disclosure of the order of the president of the court appointing the *mandataire ad hoc* to the statutory auditors, if any). They are carried out under the aegis of a *mandataire ad hoc*, whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings are not limited in time. The duties of the *mandataire ad hoc* are determined by the president of the competent court that appoints him or her, usually to facilitate negotiations with creditors. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Mandat ad hoc* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually also accept to abstain from such action while they are ongoing. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French *Code civil* (see section "*Grace periods*" above). The agreement reached is reported to the president of the court but is not formally approved by him/her.

Conciliation proceedings may only be initiated by the debtor itself if it faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see section "*Insolvency test*" above) or has not been insolvent for more than 45 calendar days upon filing. The proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any). They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to five months (after an initial period of a maximum of four months, upon request of the conciliator, the president of the competent court may extend the conciliation period up to the absolute maximum of five months). In case the debtor intends to have the conciliation agreement approved (*homologué*) or acknowledged (*constaté*), its request must be filed by the end of this five-month period, even though the hearing can take place afterwards, in which case the conciliation period will be extended until the decision of the president of the court or the court itself.

The duties of the conciliator are to assist the debtor in negotiating an agreement with all or part of its creditors and/or other stakeholders that puts an end to its difficulties, e.g., providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors/stakeholders will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Conciliation* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so, and creditors may not request the opening of insolvency proceedings (judicial reorganization or judicial liquidation proceedings) against the debtor for the duration of the conciliation proceedings.

Pursuant to Article L. 611-7 of the French *Code de commerce*, during the conciliation proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French *Code civil* (see section "*Grace periods*" above) if a creditor has formally put the debtor on notice to pay, is suing for payment, or does not accept, by the deadline set by the conciliator, a request to stay payment of its claim (*suspendre l'exigibilité de sa créance*). In the latter case, the judge may, for the duration of the conciliation proceedings, order the postponement or the rescheduling of the creditor's claims that have not yet fallen due. A joint-debtor and a third party that had previously granted

credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from grace periods so granted by the judge.

The conciliation agreement reached between the parties may be acknowledged (*constaté*) by the president of the Commercial Court at the request of the parties, which makes the agreement enforceable without further recourse to a judge (*force exécutoire*), but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court at the request of the debtor - following a hearing held for that purpose to which the works council or employee representatives, as the case may be, must be convened – if:

- (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency;
- (ii) the terms of the conciliation agreement ensure the continuation of the business as a going-concern; and
- (iii) the conciliation agreement does not impair the rights of the non-signatory creditors.

Such approval will have the same effect as its acknowledgment (*constatation*) as described above and, in addition:

- (i) the decision of approval by the relevant civil or commercial court, which should only disclose the amount of any Conciliation Lien (see below) and the guarantees and security interests granted to secure the same, will be public but the agreement itself should otherwise remain confidential except vis-à-vis the works council or employee representatives that are informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the court;
- (ii) persons that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and post-commencement claims (subject to certain exceptions including with respect to certain pre-commencement employment claims and procedural costs) (the “**Conciliation Lien**”), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;
- (iii) in the event of subsequent safeguard, accelerated safeguard or judicial reorganization, the claims benefiting from the Conciliation Lien may not, without their holders' consent, be rescheduled or written off by a safeguard or a reorganization plan (although such claims will not be paid before the safeguard or reorganization plan is adopted), not even through a cram-down or a cross-class cram-down (in the event that classes of affected parties are formed);
- (iv) when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and
- (v) in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of occurrence of the insolvency (see section “*Insolvency test*” above), and therefore the starting date of the hardening period (as defined below – see section “*Hardening Period*” below), cannot be set by the court as of a date earlier than the date of the approval (*homologation*) of the agreement by the court (except in case of fraud).

Whether the conciliation agreement is acknowledged or approved, the president of the court or the court (depending on whether the agreement is acknowledged or approved) may, at the request of the debtor, appoint the conciliator to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and, while the agreement is in force:

- (i) interest accruing on the claims that are the subject to the conciliation agreement may not be compounded;
- (ii) in accordance with Article L. 611-10-1 of the French *Code de commerce*, the debtor retains the right to petition the judge that commenced the conciliation proceedings to impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) and have formally put the debtor on notice to pay or are suing for payment of claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the conciliator if he/she has been appointed to monitor the implementation of the agreement and, taking into account the conditions of its performance; and
- (iii) in accordance with Article L. 611-10-2 of the French *Code de commerce*, a joint-debtor and a third party that had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted to the debtor during the execution of the conciliation agreement pursuant to Article L. 611-10-1 of the French *Code de commerce* mentioned above.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court or the court (depending on whether the agreement was acknowledged or approved) for its termination. Termination will however not extend to the provisions of the conciliation agreement addressing the consequences of such termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may also be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or prohibited. The commencement of subsequent safeguard or insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by potential recoveries made) and pre-existing security interests or guarantees.

At the request of the debtor and after the creditors taking part in the proceedings have been consulted on the matter, *mandat ad hoc* and conciliation proceedings may also be used to organize the partial or total sale of the debtor's business, in particular through a "plan for the disposal of the business" (i.e., prepack disposal plan) that could be implemented in the context of subsequent safeguard, judicial reorganization or judicial liquidation proceedings. Provided they comply with certain requirements, offers received in this context by the *mandataire ad hoc* or the conciliator may, after consultation of the public prosecutor, be considered by the court in the context of safeguard, judicial reorganization or judicial liquidation proceedings.

As a matter of law, any contractual provision that (i) modifies the conditions for the continuation of an ongoing contract by reducing the debtor's rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end or (ii) requires the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers retained by creditors in connection with these proceedings, is deemed null and void.

A statement of all the costs incurred by the debtor is prepared by it, with the conciliator's help and includes:

- (i) the remuneration of the conciliator, if it has already been agreed, or, if not, the conditions of this remuneration as fixed by the president of the court, as well as the remuneration of the *mandataire ad hoc* if a *mandat ad hoc* has immediately preceded the commencement of the conciliation proceedings;
- (ii) the remuneration of any person or expert appointed by the judge or involvement of whom has been requested by the conciliator;

- (iii) the fees of the debtor's advisors or those paid by the debtor in the framework of the conciliation proceedings and the *mandat ad hoc* proceedings which may have immediately preceded it; and
- (iv) the fees of the creditor's advisors when they are charged to the debtor.

This statement shall be signed and submitted to the court's clerk by the debtor. Before acknowledging or approving the conciliation agreement, the president of the court or the court checks the filing of this statement with the court clerk.

This cost statement may only be disclosed to the conciliator, the president of the court, the court or the public prosecutor. In the event of the opening of subsequent insolvency proceedings, the court may, ex officio or at the request of the public prosecutor, be provided with the statement.

Where the maximum time period allotted to court-assisted proceedings expires without an agreement being reached, the proceedings will end. The termination of such proceedings does not, in and of itself entail any specific legal consequences for the debtor, in particular it does not result in the automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced before three months have elapsed as from the end of the previous ones.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors that is likely to meet the threshold requirements for creditors' consent in safeguard is a mandatory preliminary step of accelerated safeguard proceedings, as described below.

Although French accelerated safeguard proceedings (which derive from the previous accelerated safeguard and financial accelerated safeguard proceedings) are the transposition into French law of preventive restructuring proceedings in the spirit of the EU Restructuring Directive, they are defined in the French *Code de commerce* by reference to standard safeguard proceedings.

As a result, and for the sake of clarity, standard safeguard proceedings will be presented below before accelerated safeguard proceedings.

Court-Administered Proceedings - Safeguard

A debtor that experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, provided that it is not insolvent (see section "*Insolvency test*" above). Creditors of the debtor are not notified of, nor invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested even if they have a limited right to challenge the court decision commencing the proceedings. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is appointed (except for small companies where the court considers that such appointment is not necessary) to investigate the business of the debtor during an "observation period" (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to 12 months. The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circularize to its creditors (or submit to the classes of affected parties – see below) that may include a partial sale of the business. Creditors or equity holders do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court-appointed administrator. The court-appointed administrator will, in accordance with the terms of the judgment appointing him or her, exercise *ex post facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court. A supervisory judge (*juge-commissaire*) and a creditors' representative (*mandataire judiciaire*) are also appointed at the beginning of the proceedings, alongside the court-appointed administrator. Management decisions in respect of disposals (*acte de disposition*) that fall outside the scope of the ordinary course of business, as well as decisions considered to be important

under statute, require the prior approval of the supervisory judge (e.g., granting security interests or settling disputes).

The supervisory judge can appoint 1 to 5 controllers (“**Controlling Creditors**”) among the creditors who have filed a request, provided they meet certain conditions (in particular no affiliation to the debtor). Controlling Creditors assist the creditors’ representative in their functions and the supervisory judge in their duty of supervising the progress of the insolvency process. In order to protect creditors’ interests and under certain conditions, the Controlling Creditors may act in the interests of the creditors in the absence of any action from the creditors’ representative.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) before their commencement, at the request of the debtor, the court-appointed administrator, the creditors’ representative or the public prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings.

In addition, pursuant to Article L. 622-10 of the French *Code de commerce*, the court may convert safeguard proceedings into (i) judicial reorganization proceedings (a) at any time during the observation period if the debtor is insolvent or, (b) if no plan has been adopted, the approval of a safeguard plan is manifestly impossible and if the debtor would shortly become insolvent should safeguard proceedings end or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible. In all such cases, the court may decide at the request of the debtor, the court-appointed administrator, the creditors’ representative or the public prosecutor or on its own initiative except in the case of (i)(b) above where:

- (i) the court may not act upon its own initiative, and
- (ii) the court’s decision is only taken after having heard the debtor, the court-appointed administrator, the creditors’ representative, the Controlling Creditors (if any), the public prosecutor and the workers’ representatives (if any).

As soon as safeguard proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Judicial Restructuring Lien: Persons that, in the context of accelerated safeguard, safeguard, judicial reorganization or judicial liquidation proceedings, provide new money (except through a share capital increase) (the “**Judicial Restructuring Lien**”):

- (i) during the observation period in safeguard and judicial reorganization proceedings or the temporary continuation of business operations in judicial liquidation proceedings, in order to ensure the continuity of the debtor’s business during this period, in which case such financing must be authorized by the supervisory judge and are subject to publicity, or
- (ii) for the implementation of the safeguard or reorganization plan (including a plan ordered by the court that substantially modifies a previous one), in which case the amount and the privilege must be specifically mentioned in the draft plan on which the affected parties are called upon to vote as well as in the court decision adopting the plan,

enjoy a priority of payment over pre-commencement and post-commencement claims with the exception of (i) employees’ super-privileged claims, (ii) procedural costs, (iii) the Conciliation Lien (iv) pre-commencement claims secured by security interests over real estate assets (only in the context of judicial liquidation proceedings) and (v) post-commencement wages claims not advanced through the French wages guarantee scheme (AGS) under provisions of Articles L. 3253-8 to L. 3253-13 of the French *Code du travail*.

The Judicial Restructuring Lien may not, directly or indirectly, secure any financing provided prior to commencement of the proceedings.

In addition, such claims may not be rescheduled or written-off by a safeguard or a reorganization plan (although such claims will not be paid before the safeguard or reorganization plan is adopted) without the consent of the relevant creditors, not even through a cram-down or a cross-class cram-down (in the event that classes of affected parties are formed), in the on-going or in subsequent safeguard proceedings or judicial reorganization proceedings.

Creditors (and if applicable, equity holders) must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (debt write-offs, payment terms or debt-for-equity-swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

Liabilities to be taken into account in the draft plan shall include, provided that they are established on the basis of a certificate drawn up by a chartered accountant or the statutory auditor, those claims admitted and not challenged as well as those "identifiable" claims (in particular when the deadline for filing proofs of claim has not expired yet).

Standard consultation: this applies in respect of debtors that, on the date of the petition for commencement of the proceedings (on a stand-alone basis or together with other entities that they hold or control, within the meaning of Articles L. 233-1 and L. 233-3 of the French *Code de commerce*) have less than (x) 250 employees and €20 million in net turnover or (y) €40 million in net turnover unless, upon their request, the supervisory judge authorizes a class-based consultation of their creditors (see below).

In such case, the court-appointed administrator notifies the proposals for the settlement of debts to the creditors' representative, who seeks the agreement of each creditor who filed a claim, regarding the debt write-offs and payment schedules proposed. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, *provided* that it is justified by the difference in situation of the creditors and approved by the creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of claims over a shorter time period instead of a full payment of such claims over the length of the plan (ten years maximum except for agricultural businesses where the maximum is fifteen years).

If the plan provides for a share capital increase, the shareholders may pay up their subscription to such share capital increase by way of a set-off against their admitted claims against the debtor (as such claims may be reduced according to the provisions of the plan).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted.

Creditors that do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity-swap) made to them are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the Controlling Creditors.

If the draft plan provides for a modification of the share capital or the by-laws, the court may decide that the shareholder general meeting (and, as the case may be, the shareholder special meetings or the general meetings of the holders of securities giving access to the share capital of the company) shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, provided that they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual provisions relating to quorum and majority shall apply.

Within the framework of a standard consultation, the court that approves the safeguard plan (*plan de sauvegarde*) can impose a uniform rescheduling of the claims of creditors having refused the proposals

that were submitted to them (subject to exceptions such as the ones applicable to claims benefiting from the Conciliation Lien or the Judicial Restructuring Lien) over a maximum period of ten years (except for agricultural businesses where the maximum is fifteen years and for claims with maturity dates falling after the term of the plan, in which case the maturity dates shall remain the same), but no write-off of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

If the court adopts a safeguard plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be disposed of without the court's consent.

Following a court imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the amount of each debt claim and, as from the sixth year, the amount of each annual instalment must be of at least 10% (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if such date is later than the first payment date provided for in the plan, in which case the amount of such first payment is equal to what the creditor would have received had it been paid in accordance with the uniform payment rescheduling applying to the other creditors.

The plan adopted by the court may be modified during its implementation. However, when the modification is substantial and relates to the terms and conditions of the discharge of liabilities, the interested parties are consulted by registered letter with acknowledgment of receipt sent by the court clerk. Such interested parties shall answer to this consultation no later than 21 calendar days following the receipt. Failure to respond shall constitute acceptance of the proposed changes, except if they relate to debt write-offs or debt-to-equity swaps.

Class-based consultation: This applies to companies that, on the date of the petition for commencement of the proceedings, meet or exceed either of the following thresholds (x) 250 employees and €20 million in net turnover or (y) €40 million in net turnover (on a standalone basis or together with other entities that they hold or control, within the meaning of Articles L. 233-1 and L. 233-3 of the French *Code de commerce*), or upon the debtor's request and with the authorization of the supervisory judge if they do not meet such thresholds.

The consultation involves the submission of a proposed safeguard plan prepared by the debtor with the assistance of the court-appointed administrator for consideration by the affected parties (*parties affectées*), as defined below.

The draft plan does not have to be limited to a ten-year duration nor respect the annual instalments provided for in the afore-mentioned standard consultation. Only the affected parties are entitled to vote on the draft plan.

Pursuant to Article L. 626-30 of the French *Code de commerce*, affected parties are:

- (i) creditors whose rights are directly impaired by the proposed plan. Based on Orpea caselaw (Appeal Court of Versailles, 22 June 2023, no 23/03276), they should also include holders of notes giving future access to the share capital (such as notes convertible into shares) until their conversion into equity. This remains to be confirmed by the French Supreme Court and/or an amendment to the statutes;
- (ii) equity holders (including shareholders, whether they own common or preferred stocks, and holders of securities giving future rights to the share capital (based on Orpea's precedent, once the notes have been converted into equity)) if their equity interests, the debtor's articles of association or by-laws, or their rights are modified by the proposed plan.

The court-appointed administrator is responsible for drawing up the classes, on the basis of the claims and rights that arose prior to the judgment of the court commencing the proceedings, and informing each

affected party that it is a member of a class. The court-appointed administrator must, on the basis of objective verifiable criteria, allocate the affected parties in classes representing a sufficient commonality of economic interest (*communauté d'intérêt économique suffisante*) in compliance with the following conditions:

- (i) creditors whose claims are secured by security interests *in rem* (*sûretés réelles*) over the debtor's assets, in respect of their claims so secured, and other creditors shall belong to different classes;
- (ii) the class formation shall comply with subordination agreements entered into before commencement of the proceedings that shall have been brought to the attention of the court-appointed administrator within ten days from his notification to each affected party of its membership in a class;
- (iii) equity holders shall make up one or more classes; and
- (iv) claims arising from employment contracts (including the French wage guarantee scheme (AGS) claims), pension rights, and maintenance claims cannot be affected by the plan and in respect of creditors secured by a security trust (*fiducie-sûreté*) granted by the debtor, only the amount of their claims that are not secured by such security trust is taken into account.

The court-appointed administrator shall notify to each affected party the criteria for class formation and for the determination of the voting rights corresponding to the affected claims or rights allowing them to cast a vote. The amount of the claims taken into consideration is the one communicated by the debtor and certified by its auditor(s) or, failing that, endorsed by a certificate from its chartered certified accountant. Future interest claims calculated by a reference to an index are calculated by reference to the value of the index at the date of the court decision commencing the proceedings. The claims of creditors secured by a security trust (*fiducie*) shall only be taken into account for the portion of their claim not secured by the security trust.

Any affected party, the debtor, the public prosecutor, the creditors' representative or the court-appointed administrator is entitled, within ten days following the notification of the criteria for the formation of the classes and the determination of the voting rights referred to in the preceding paragraph, to dispute the same before the supervisory judge. The supervisory judge must rule within ten days of the referral date, and failing that, any aforementioned person may refer the dispute to the court, which must rule within ten days of such later referral date. The supervisory judge's decision (or the court's decision, as the case may be) may be appealed within five days of its notification to the parties.

The proposed plan may, *inter alia*, include a rescheduling or cancellation of debts and/or debt-for-equity swaps (subject to specific exceptions, including in respect of claims benefiting from the Conciliation Lien or the Judicial Restructuring Lien).

The procedures for convening the affected parties and organizing their vote vary according to the parties concerned (creditors, bondholders, equity holders) and are ultimately determined by the court-appointed administrator within certain guidelines set by the 2021 Decree.

The right of an affected party to vote in a class is attached to its pre-petition claim and is assigned as a right alongside the claim itself notwithstanding any contradictory clause. The assignee of the claim will only be entitled to receive the debtor's proposals and to vote once the transfer has been communicated to the court-appointed administrator by a registered letter with acknowledgement of receipt. A creditor whose claim is extinguished or transferred is no longer deemed to be an affected party.

The classes must approve or reject the plan within 20 to 30 days of its submission. The period may be extended or shortened by the supervisory judge, upon prior request of the debtor or the court-appointed administrator, but may not be shorter than 15 days.

The decision shall be taken by each class by a two-thirds majority of the votes held by the members casting a vote.

If applicable, the class or classes of equity holders vote under the rules governing votes at shareholders/equity holders' general meetings, except that the decision is taken at the same two-thirds majority. Within a class, the vote on the adoption of the draft plan may be replaced by an agreement which, after consultation with its members, has received the approval of two-thirds of the voting rights.

Once the draft plan has been adopted by each of the classes, it will be submitted to the commercial court which shall essentially verify that the following conditions are met:

- (i) the classes have been duly formed in accordance with the rules mentioned above;
- (ii) affected parties, sharing a sufficient commonality of interest within the same class, are treated equally and in proportion to their claim or right;
- (iii) the plan has been duly notified to all the affected parties;
- (iv) if there are dissenting affected parties within each class, the plan meets the "best interests of creditors" test (i.e., no dissenting party is worse off as a result of the plan than it would be if the order of priority of payments in a judicial liquidation were applied (whether in the event of a piecemeal sale or a court-ordered disposal plan (*plan de cession*)) or in the event of a better alternative solution if the plan was not approved);
- (v) where applicable, any new financing is necessary to implement the plan and does not excessively impair the interests of the affected parties; and
- (vi) the interests of all affected parties are sufficiently protected.

The court may refuse to adopt the plan if it does not offer a reasonable prospect of avoiding the debtor's insolvency or of ensuring the viability of the business. The judgment adopting the plan renders the plan enforceable against all (*erga omnes*) (including the affected parties who did not vote or voted against the adoption of the plan).

As for plans adopted through a standard consultation, if the plan provides for a share capital increase, the shareholders may pay up their subscription to such share capital increase by way of a set-off against their admitted claims against the debtor (as such claims may be reduced according to the provisions of the plan).

Cross-class cram-down: The 2021 Ordinance has introduced a cross-class cram-down mechanism into French law: where the safeguard plan is not approved by a two-thirds majority of each class, it may be adopted by the court at the request of the debtor or the court-appointed administrator (with the approval of the debtor) and be imposed on the affected parties that voted against the plan provided that:

- (i) the plan complies with the conditions for adoption of the plan by all the classes of affected parties mentioned above;
- (ii) the plan has been approved by:
 - (a) a majority of the classes of affected parties entitled to vote, provided that at least one such class is a class of creditors whose claims are secured by security interests *in rem* (*sûretés réelles*) or is senior to the unsecured creditors' class (*créanciers chirographaires*); or, if such condition is not met,
 - (a) at least one of the classes of affected parties entitled to vote, other than an equity holders' class or any other class which, after determining the value of the debtor as a going concern, could reasonably be expected not to be entitled to any payment under the order of priority applicable to a judicial liquidation (whether in the event of a piecemeal sale or a court-ordered disposal plan (*plan de cession*));

- (iii) the claims held by a dissenting class of affected parties are fully paid (by identical or equivalent means) if a lower ranking class is entitled to be paid or retains an interest within the plan (i.e., absolute priority rule);
- (iv) no class of affected parties receives or retains, under the plan, more than the total amount of its claims or interests;
- (v) where one or more classes of equity holders have been constituted and have not approved the plan, the plan can be imposed on such dissenting equity holders if:
 - (a) the debtor (on a standalone basis or together with other entities which they hold or control, within the meaning of Articles L. 233-1 and L. 233-3 of the French *Code de commerce*) meets or exceeds either of the following thresholds: (x) 250 employees and €20 million of net turnover or (y) €40 million in net turnover;
 - (b) it is reasonably foreseeable, after determining the value of the debtor as a going concern, that the equity holders of the dissenting class or classes would not be entitled to any payment or retain any interest under the order of priority applicable to a judicial liquidation (whether in the event of a piecemeal sale or a court-ordered disposal plan (*plan de cession*));
 - (c) if the plan provides for a capital increase to be paid up by cash contribution or by way of set-off of claims, the shares issued are offered by preference to the shareholders, *pro rata* their shareholding; and
 - (d) the plan does not provide for the transfer of all or part of the rights of the dissenting class or classes of equity holders,

The court's decision constitutes approval of the changes to the shareholding structure, to the rights of the equity holders, to the articles of association or the by-laws provided for in the plan. The court may appoint a trustee to perform the acts necessary for the implementation of these changes.

Upon request from the debtor, or from the court-appointed administrator with the debtor's consent, the court can override the absolute priority rule if it is deemed necessary to achieve the plan's objectives and if the plan does not excessively affect the rights or interests of any affected parties. In particular, supplier claims, equity holders and tort liability claims may benefit from such exemption.

As for plans adopted through a standard consultation, if the court adopts a safeguard plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be disposed of without court's consent.

If no proposed safeguard plan is adopted by the classes of affected parties, the court may, at the request of the debtor, the court-appointed administrator, the creditors' representative or the public prosecutor, convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead the debtor to shortly becoming insolvent.

At the latest within ten days from the vote of the classes on the draft plan, any affected party having voted against the draft plan and considering that

- (i) the best interest test criterion has not been met; or
- (ii) in the event of a plan adopted by a cross-class cram-down and, based on the valuation of the debtor as a going concern, either (or both) of the following conditions has not been met:
 - (a) in the event that the plan was approved solely by the vote of an affected class that was not an equity holders' class or any other class, such class would not have been entitled to a

payment in the event that the order of payment applicable in a judicial liquidation (whether in the event of a piecemeal sale or of a court-ordered disposal plan), were applied;

- (b) in the event that a class, or classes, of equity holders voted against the plan, such class(es) would not have received a payment or retained an interest in the event that the order of payment applicable in a judicial liquidation (whether in the event of a piecemeal sale or of a court-ordered disposal plan, were applied),

may petition the court to dispute the same. Following a hearing and after receiving the public prosecutor's opinion, the court will, in the same decision, determine the value of the debtor (in respect of which the court is entitled to order the appointment of an expert) and rule on compliance with the aforementioned conditions and on the adoption of the plan.

This decision may itself be challenged within ten days of its notification or communication to them, by the affected party(ies) that initially challenged the class vote, the debtor, the court-appointed administrator, the creditors' representative or the public prosecutor.

In the event no plan is adopted through the class-based consultation procedure (whether by approval by the classes of affected parties or by a cross-class cram-down), there is no statute that allows French courts to impose a term-out (i.e., a rescheduling over a maximum period of ten years of the indebtedness of dissenting creditors) although the courts retain this power under statute if the plan is adopted under the standard consultation procedure (i.e., if no classes are formed or, in judicial reorganization proceedings only, in case of failure of the class-based consultation (see section "*Court-administered Proceedings—Judicial Reorganization or Judicial Liquidation Proceedings*" below)).

Specific case - Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt write-offs under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors examine possible debt write-offs within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax authorities may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Where the plan provides for debt write-offs or rescheduling affecting secured public creditors' claims, the court-appointed administrator can decide to gather those public creditors within a class (or classes) of affected parties called upon to vote on the proposed plan.

Court-Administered Proceedings - Accelerated Safeguard

A debtor that is engaged in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) enabling it to implement a restructuring plan in an expedited fashion through a class-based consultation.

To be eligible to accelerated safeguard proceedings, the debtor must fulfill the following conditions:

- (i) its financial statements must have been certified by an auditor (*commissaire aux comptes*) or drawn-up by a chartered certified accountant (*expert-comptable*);
- (ii) the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the accelerated safeguard proceedings;
- (iii) the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern that is likely to be supported by enough parties that will be impaired by such plan to render its adoption plausible within an initial two-month period which may be extended up to a

total maximum of four months following commencement of the accelerated safeguard proceedings, upon request from the debtor and the court-appointed administrator; and

- (iv) the debtor must not have been insolvent for more than 45 days when it initially applied for commencement of conciliation proceedings.

The debtor may request the limitation of the scope of the accelerated safeguard proceedings to its financial creditors (i.e. those creditors that have the status of financing companies, credit institutions and similar entities (i.e. those institutions (i) referred to in articles L. 511-1 and L. 518-1 of the French Monetary and Financial Code, (ii) operating under the freedom of establishment or the freedom to provide services in the territory of the States parties to the agreement on the European Economic Area mentioned in Book V of the French Monetary and Financial Code and (iii) any other entity with which the debtor has entered into a credit transaction, the “Financial Institutions”), as well as by all holders of a claim acquired from such Financial Institutions or from a supplier of goods or services and, if applicable, bondholders) only, if the nature of its indebtedness is such that a plan could be adopted by such creditors alone. In such case, creditors other than financial ones (such as public creditors, the tax or social security administration and suppliers) will not be directly impacted by the proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

If the debtor does not meet the thresholds above that require classes of affected parties (see above) to be formed, the court must order such formation in the decision commencing the proceedings.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard proceedings. However, certain provisions relating to ongoing contracts and the provisions relating to the recovery of assets by their owners do not apply in accelerated safeguard proceedings.

The plan, in the context of accelerated safeguard proceedings, is adopted following the same majority rules as in the classes of affected parties’ consultation in standard safeguard proceedings and may notably provide for rescheduling, debt cancellation and conversion of debt into equity of the debtor.

If a plan is not adopted by the classes of affected parties and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the class process and, in particular, cannot impose a term-out. The list of claims of affected parties (which shall also mention, as the case may be, the subordination agreements communicated to the debtor by the creditors prior to the opening of the proceedings), party to the conciliation proceedings, established by the debtor and certified by the statutory auditor or the chartered-accountant, shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings unless the affected parties otherwise elect to make such a filing (see section “*Status of Creditors during Safeguard, Accelerated Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings*” below).

Court-Administered Proceedings - Judicial Reorganization or Judicial Liquidation Proceedings

Judicial reorganization (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings may be initiated against or by a debtor only if it is insolvent and, in the case of judicial liquidation proceedings only, if the debtor’s recovery is manifestly impossible. The debtor is required to petition for judicial reorganization or judicial liquidation proceedings, within 45 days of becoming insolvent if it does not file for conciliation proceedings (as discussed above). *De jure* managers (including directors) and, as the case may be, *de facto* managers that would have intentionally failed to file such a petition within the deadline are exposed to civil liability.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings that it determines to be most appropriate. The same would

apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), a Controlling Creditors (if any), the public prosecutor or upon its own initiative, the court may convert the judicial reorganization proceedings into judicial liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. The court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the Controlling Creditors (if any), the public prosecutor and the workers' representatives (if any).

The objectives of judicial reorganization proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganization or judicial liquidation proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganization proceedings, a court-appointed administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months (instead of a maximum of 12 months under safeguard proceedings), and make proposals either for the reorganization of the debtor (by helping the debtor to elaborate a draft judicial reorganization plan, which is similar to a draft safeguard plan and may include a partial sale of the business), the partial or total disposal of the business or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*).

Judicial reorganization proceedings broadly take place in a manner that is similar to safeguard proceedings (see above), subject to certain specificities.

Differences exist under judicial reorganization proceedings in respect of class formation and the adoption of the restructuring plan. The main differences are as follows:

- (i) if the debtor does not meet the required threshold(s) the authorization to form classes of affected parties may also be requested from the supervisory judge by the court-appointed administrator on its own, without the debtor's approval (in addition to being requested by the debtor);
- (ii) any affected party may submit a draft plan to the vote of the classes. The draft plan shall be submitted, together with the plan proposed by the debtor, at the latest 15 days before the date of the vote;
- (iii) if the draft reorganization plan or the plan provides for a change in the equity structure or share transfers, prior approval clauses (*clauses d'agrément*) are deemed null and void;
- (iv) if the plan has not been approved by all classes of affected parties, the court can decide to apply the cross-class cram-down mechanism at the request of any affected party (in addition to the debtor or the court-appointed administrator with the debtor's consent); and
- (v) in the event that plan approval through the class-based consultation procedure (whether by regular approval by the classes of affected parties or by a cross-class cram-down) fails, the approval of the plan may occur through the individual consultation rules (see above).

In relation to equity holders, the following is also to be noted in the event of judicial reorganization proceedings:

- (i) in case a shareholders' meeting needs to vote to bring the shareholders equity to a level equal to at least one-half of the share capital as required by Article L. 626-3 of the French *Code de commerce*, the court-appointed administrator may request the appointment of a court trustee

(*mandataire de justice*) to convene a shareholders' meeting and to vote the restoration of the shareholders' equity up to the amount proposed by the court-appointed administrator on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the reorganization plan;

- (ii) if (a) the debtor company has at least 150 employees, or if it controls (within the meaning of the French *Code du travail*) one or more companies having together at least 150 employees, (b) the disappearance of the debtor company is likely to cause serious harm to the national or regional economy and to local employment, (c) the modification of the debtor company's share capital appears to be the only credible way to avoid harm to the national or regional economy and to allow the continued operation of the business as a going concern, then, at the request of the court-appointed administrator or of the public prosecutor (x) after the review of the options for a total or partial sale of the business and (y) if at least three months have elapsed as from the court decision commencing the proceedings, provided that the shareholders meetings required to approve the modification of the debtor company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:
 - (a) appoint a trustee (*mandataire*) in order to convene the shareholders meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or
 - (b) order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital modification and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the debtor company's shareholders meetings, any consent clause being deemed unwritten; the other shareholders have the right to withdraw from the debtor company and request that their shares be purchased simultaneously by the transferees. In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court that may not exceed the duration of the reorganization plan.

If the proposed reorganization plans are manifestly unlikely to ensure that the debtor will recover or if no reorganization plan is proposed, the court upon the request of the court-appointed administrator, can order the total or partial sale of the business as part of a court-ordered disposal plan (*plan de cession*).

At any time during the observation period, the court may, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the public prosecutor or at its own initiative, order a partial cessation of activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its reorganization is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings nor does the law limit their duration (except with respect to simplified judicial liquidation proceedings). The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order of payment). The

liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management.

Concerning the liquidation of the assets of the debtor, there are two possible outcomes, both of which are decided by the court without a vote of the creditors:

- (i) a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable once) and organize such sale of the business as a going-concern via an asset sale, a.k.a. a "disposal plan" (*plan de cession*)), any third party (as construed under French insolvency law) being entitled to present a bid on all or part of the debtor's business.

As part of the bids submitted to the court, the third-party purchaser can cherry-pick assets (including the real estate assets)/jobs/contracts without the liabilities pertaining to them (save exceptions). The price offered for the transferred assets (including the real estate assets) is usually at a significant discount compared to their going-concern market value. The court will tend to favor a credible disposal plan that ensures the continuation of the business as a going-concern and the preservation of jobs, over the payment of creditors.

Subject to certain exceptions, the court can judicially impose such a disposal plan on creditors, including secured creditors and mortgagees as a general principle, the payment of the purchase price operating to release their security interests. By way of exception:

- (a) a purchaser is obliged to continue to pay the remaining instalments due to creditors having granted financing for the acquisition of assets, used as collateral for such creditors and included in the sale of the business plan;
- (b) the purchaser will be able to exercise the purchase option under a financial lease (*crédit-bail*) only if the outstanding amounts under such lease are repaid (but within the limit of the value of the leased asset as set by agreement between the parties or, failing such agreement, by the court); and
- (c) only those secured creditors benefitting from a retention right (which is the case for pledges over inventory or certain types of pledges over shares, but not mortgages over real estate assets) would be entitled to retain their security interest over the asset on which they have such right (and therefore in practice prevent its sale) until they are repaid in full of their claim so secured or unless an agreement is reached with the relevant parties.

Third-party purchasers may also submit combined bids in respect of all or part of the business of several debtors subject to insolvency proceedings, in particular when the key assets are located in different legal entities subject to insolvency proceedings. Again, the price offered for the transferred assets could be significantly less than their going-concern market value; or

- (ii) separate sales of the individual assets of the debtor, in which case the liquidator may decide to:
 - (a) launch auction sales (*vente aux enchères* or *adjudication amiable* for real estate assets only);
 - (b) sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received, (the formal authorization of the supervisory judge being necessary to conclude the sale agreement with the bidder); or
 - (c) request, under the supervision of the supervisory judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed

before such hearing (*procédure des plis cachetés*). However, the possibility to implement such process is questioned by certain legal authors and case-law in this respect has varied.

If the court endorses a disposal plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

The court will end the judicial liquidation proceedings when either:

- (i) no due liabilities remain or the liquidator has sufficient funds to pay off the creditors (*extinction du passif*); or
- (ii) continuation of the liquidation operations becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings:

- (i) when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets; or
- (ii) in the event where there are insufficient funds to pay off the creditors in full, by appointing a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The “Hardening Period” (période suspecte) in judicial reorganization and judicial liquidation proceedings

The date of insolvency (*cessation des paiements*) of a debtor is determined in the court judgment commencing the proceedings. Failing this, the date of insolvency is deemed to be the date of such court judgment commencing judicial reorganization or judicial liquidation proceedings. The court may in any case reconsider the same at a later stage and set an earlier date for the occurrence of insolvency, which may be no earlier than 18 months before the date of the court judgment commencing the proceedings. Also, except in the case of fraud, the insolvency date may not be set at a date earlier than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings (see above). The insolvency date is important because it marks the beginning of the hardening period (*période suspecte*), being the period from the insolvency date of the debtor to the court decision commencing the judicial reorganization or judicial liquidation proceedings affecting it.

Certain transactions entered into during the hardening period are automatically void or voidable by the court.

Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the reciprocal obligations of the other party, payments of debts not due at the time of payment, payments of debts that are due made in a manner that is not commonly used in the ordinary course of business, deposits of cash or monetary instruments ordered by a court decision that has not yet become final to serve as guarantee or as a precautionary measure in accordance with Article 2350 of the French *Code civil*, security interests or contractual retention rights granted for debts previously incurred (unless they replace a previous security interest of at least an equivalent nature and base and with the exception of the assignment of a professional receivables (*Daily assignment*) made in execution of a framework agreement entered into prior to the date of insolvency), statutory mortgages attached to judgments of condemnation constituted over the assets of the debtor for debts previously incurred, provisional attachment or seizure measures (*mesures conservatoires*) (unless the attachment or seizure predates the date of insolvency), operations relating to stock options, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights

already transferred in the trust as security for debt incurred prior to such amendment, and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to Article L. 526-1 of the French *Code de commerce*.

Transactions that are voidable by the court include payments made on debts that are due, transactions for consideration, administrative seizure measures, notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the party dealing with the debtor knew (or could not ignore) that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to Article L. 526-1 of the French *Code de commerce* are also voidable when entered into during the six-month period prior to the beginning of the hardening period. Unlike automatically void transactions, which must be set aside by the court if so requested, the court has discretion to decide whether or not it is appropriate to set aside transactions that are only “voidable.” There is no hardening period prior to safeguard proceedings or to accelerated safeguard proceedings.

Creditor Liability

Pursuant to Article L. 650-1 of the French *Code de commerce* (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of credit facilities granted to the debtor, if the granting of such credit was wrongful and in the case of (i) fraud, (ii) material interference with the management of the debtor or (iii) if the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

If a creditor carries out, in full independence and on a repeated basis, positive acts of management and direction for the debtor company, it can be deemed to be a *de facto* manager of such company (“***dirigeant de fait***”). In such case, article L. 651-2 of the French *Code de commerce* provides that, if judicial liquidation proceedings have been commenced against the debtor, such creditor being deemed *de facto* manager may be liable for bearing the excess of liabilities over the company’s assets, along with the other managers (whether *de jure* or *de facto*), as the case may be, if it is established that their mismanagement has contributed to the company’s shortfall of assets. If such conditions are met, French courts will decide whether the managers should bear all or part of the shortfall amount. However, *de jure* or *de facto* managers cannot be held liable on the grounds of article L 651-2 of the French *Code de commerce* in the event of simple negligence on their part in the management of the company.

Extension of insolvency proceedings

French law provides that, upon the petition of the debtor, the public prosecutor, the court-appointed administrator, the creditors’ representative, the Controlling Creditors or the liquidator, the insolvency proceedings of a company may be extended to another company, so that their respective assets and liabilities will be treated as belonging to one single insolvency estate, if (i) the debtor is deemed “fictitious,” i.e. a sham, or (ii) the debtor “commingled its assets and liabilities” with another entity, i.e. either it proves impossible to determine which assets and liabilities belong to each of them or “abnormal financial relationships” existed between the two entities (such as transfers of assets or funds without consideration).

Status of Creditors during Safeguard, Accelerated Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings

Contractual provisions pursuant to which the commencement of the proceedings triggers the acceleration of the debt (noting that, in respect of judicial liquidation proceedings in which the court does not order the continued operation of the business, unmatured debts will become immediately due and payable) or the termination or cancellation of an ongoing contract are not enforceable against the debtor. Nor are “contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the

rights or increasing the obligations of the debtor solely upon the opening of judicial reorganization proceedings" (in accordance with a decision of the French Supreme Court dated January 14, 2014, no. 12-22.909 handed down in judicial reorganization proceedings and applied in safeguard proceedings by a decision of the French Supreme Court dated February 22, 2017, no. 15-15.942). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) that it believes the debtor will not be able to continue to perform. This possibility is excluded in the case of accelerated safeguard proceedings. Conversely, the court-appointed administrator can require that other parties to a contract continue to perform their obligations even though the debtor may have been in default pre-commencement, but on the condition that the debtor fully performs its post-commencement contractual obligations (and provided that, in the case of judicial reorganization or judicial liquidation proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of judicial liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the temporary continued operation of the business with a view to the adoption of a disposal plan (*plan de cession*) as described above. In such case, the acceleration of the obligations will only occur on the date of the court decision endorsing the disposal plan, as described above, or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

- (i) accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment that is deferred by at least one year (however, accrued interest can no longer be compounded);
- (ii) the debtor is prohibited from paying debts incurred prior to the commencement of the proceedings, subject to specified exceptions, which essentially cover the set-off of related (*connexes*) debts and payments authorized by the supervisory judge (*juge commissaire*) to recover assets (whether they be pledged, retained by a creditor based on a retention right or constitute collateral in a security trust estate (*patrimoine fiduciaire*) required by the continued operation of the business) or to pay a carrier requesting payment directly from the debtor;
- (iii) the debtor is prohibited from paying debts having arisen after the commencement of the proceedings unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered/goods provided to the debtor; security interests can be granted as regards such debts the payment of which is not prohibited, subject to prior authorization by the supervisory judge;
- (iv) debts duly arising after the commencement of the proceedings and that were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered/goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a Conciliation Lien or a Judicial Restructuring Lien), provided that they are duly brought to the attention of the court-appointed administrator or, failing one, the creditors' representative (*mandataire judiciaire*), or, should they both have ceased to be in office, the plan commissioner or the judicial liquidator within one year of the end of the observation period;
- (v) creditors (or beneficiaries of a third party security granted by the debtor) may not initiate or pursue any individual legal action against the debtor (or against a guarantor of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard, or judicial reorganization proceedings) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:

- (a) to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);
 - (b) to terminate a contract for nonpayment of amounts owed to the creditor; or
 - (c) to enforce the creditor's rights against any assets of the debtor, including if such assets secure third party debt, except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset- whether tangible or intangible, movable or immovable is located in another Member State within the European Union, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation (subject to secondary proceedings which may be commenced in such Member State). Similarly, the rights of a creditor on the debtor's assets located outside France and the EU would only be affected by the French insolvency proceedings if they were to be recognized by the local courts where the assets at stake are located (unless provided otherwise in a treaty to which France is a party); and
- (vi) any increase to the base of a contractual security interest or a contractual retention right: (by any means whatsoever, by adding or supplementing assets or rights, in particular by registration of securities or proceeds supplementing the securities registered in a pledged securities account) is prohibited; any contrary provision, in particular relating to the transfer of future assets or rights of the debtor not yet in existence on the date of the judgment commencing the proceedings, will be held unenforceable as from the date of commencement of the proceedings; by exception, the increase in the base of a contractual security interest may however validly result from an assignment of professional receivables (*Dailly* assignment) pursuant to a master agreement entered into before commencement of the proceedings or from other specific contrary provisions of the French *Code de commerce* regarding restructuring and insolvency, the French *Code monétaire et financier* or the French *Code des assurances*; and
- (vii) in the context of judicial reorganization or judicial liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrat en cours*), will be required.

A natural person that is the guarantor of the debtor may avail itself of the provisions of a safeguard plan or of a judicial reorganization plan adopted by the court.

In accelerated safeguard proceedings, the above rules would only apply to the creditors that fall within the scope of the proceedings (see above). Debts owed to creditors that are not within the scope of the proceedings continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in metropolitan France whose claims arose prior to the commencement of the proceedings must file a claim with the court-appointed creditors' representative within two months of the publication of the court decision in the official gazette (*Bulletin Officiel des Annonces Civiles et Commerciales*); this period is extended to four months for creditors domiciled outside metropolitan France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two-month or four-month period referred to above starts to run as from their maturity date. Creditors whose claims have not been submitted during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees are not subject to such limitations and are preferred creditors under French law.

In addition, the holder of a security interest *in rem* granted by the debtor to secure the debt of a third party must also file a statement of claim with the creditors' representative under the same conditions.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors' representative with the list of all its creditors and all of their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the supervisory judge rules on the admissibility of the claim. They may also file their own proof of claim within the deadlines described above.

In accelerated safeguard proceedings however, the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors or chartered certified accountant. Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months' time limit). Creditors that did not take part in the conciliation proceedings must file their proofs of claim within the aforementioned deadlines.

If the court endorses a safeguard plan, accelerated safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court endorses a disposal plan (*plan de cession*) of the debtor in judicial reorganization or judicial liquidation proceedings (see above), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims.

If the court decides to order the judicial liquidation of the debtor, the liquidator appointed by the court will be in charge of selling the assets of the debtor and settling the debtor's debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-commencement legal costs (essentially, court officials fees), creditors who benefit from a Conciliation Lien or a Judicial Restructuring Lien (see above), certain environmental claims, post-commencement privileged creditors and public creditors (i.e., taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement privileged creditors. This order of priority is not relevant to all creditors, for example creditors benefiting from a retention right over assets with respect to their claim related to such asset will be treated separately.

Limitations on the Guarantee

The liabilities and obligations of the Guarantor are subject to:

- (i) certain exceptions, including to the extent of any obligations which would constitute prohibited financial assistance within the meaning of Article L. 225-216 of the French *Code de commerce* or infringement of the provisions of Articles L. 241-3, L. 242-6 or L. 244-1 of the French *Code de commerce*; and
- (ii) French corporate benefit rules.

Under French financial assistance rules, a company is prohibited from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules, a guarantor must receive an actual and adequate benefit from the transaction involving the granting by it of the guarantee, taken as a whole. A court could declare any guarantee unenforceable and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if it found that these criteria were not fulfilled. The existence of a real and adequate benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance.

Accordingly, each of the guarantees by the French Guarantors and the amounts recoverable thereunder will be limited, at any time, to an amount equal to the aggregate of the proceeds of the Notes to the extent directly or indirectly on-lent by the Issuer, or used to refinance any indebtedness previously directly or indirectly on-lent, to that French Guarantor or any of its subsidiaries under intercompany loans or similar arrangements and outstanding on the date a payment is requested to be made by such French Guarantor under its Guarantee.

Any payment made by such French Guarantor under its Guarantee in respect of the obligations of any other obligor shall reduce pro tanto the outstanding amount of the intercompany loans due by such French Guarantor or its subsidiaries under the intercompany loan arrangements referred to above. By virtue of this limitation, a French Guarantor's obligations under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantee should the portion of the proceeds of the Notes made available to the French Guarantor directly or indirectly be equal to zero.

In addition, if the Guarantor receives, in return for issuing the guarantee, an economic return that is less than the economic benefit the Guarantor would obtain in a transaction entered into on an arm's-length basis, the difference between the actual economic benefit and that in a comparable arm's-length transaction could be taxable under certain circumstances.

No French Guarantor will be acting jointly and severally with the Issuer and/or the other Guarantors as regards its obligations.

Fraudulent Conveyance

French law contains specific, "*action paulienne*" provisions dealing with fraudulent conveyance both in and outside insolvency proceedings. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a debtor (including, without limitation, an agreement pursuant to which such debtor guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of such debtor's or a third party's obligations, enters into additional agreements benefiting from existing security or any other legal act having a similar effect) can be challenged (i) in insolvency proceedings of the relevant debtor by the creditors' representative (*mandataire judiciaire*), the commissioner of the safeguard or reorganization plan (*commissaire à l'exécution du plan*), or (ii) by any of the creditors of the relevant debtor outside the insolvency proceedings or any creditor who was prejudiced in its means of recovery as a consequence of the act in or outside insolvency proceedings. Any such legal act may be declared unenforceable against third parties if:

- (i) the debtor performed such act without an obligation to do so;
- (ii) the relevant creditor or (in the case of the debtor's insolvency proceedings) any creditor was prejudiced in its means of recovery as a consequence of the act; and
- (iii) at the time the legal act was performed, both the debtor and the counterparty to the transaction knew or should have known that one or more of such debtor's creditors (existing or future) would be prejudiced in their means of recovery (where the legal act was entered into for no consideration (*à titre gratuit*), no such knowledge of the counterparty is necessary).

If a court found that the issuance of the Notes or the granting of a Guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Notes or the granting of the Guarantee could be declared unenforceable against third parties or declared unenforceable against the creditor who lodged the claim in relation to the relevant act. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Guarantee and the value of any consideration that holders of the Notes received with respect to the Notes or the Guarantee could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees.

In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantor as a result of the fraudulent conveyance.

Germany

Insolvency

The German Guarantors are organized under the laws of Germany, have their registered offices in Germany and substantially all of their assets are located in Germany. In the event of an insolvency of a German Guarantor having its COMI in Germany at the time the petition for the opening of insolvency proceedings (*Insolvenzeröffnungsantrag*) is filed, any main insolvency proceedings would most likely be initiated in Germany. Such proceedings would then be governed by German law. Under certain circumstances, insolvency proceedings over the assets (or certain parts of the assets) of the German Guarantors may be opened in other jurisdictions.

The insolvency laws of Germany and, in particular, the provisions of the German Insolvency Code (*Insolvenzordnung*, “**InsO**”) and of the Corporate Stabilization and Restructuring Act (*StaRUG*), may not be as favorable to your interests as creditors as the insolvency laws of the United States or another jurisdiction with which you may be familiar, including in respect of priority of creditors, the ability to obtain interest for unsecured claims following the commencement of insolvency proceedings and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes more than other insolvency laws. The following is a brief description of certain aspects of the insolvency laws of Germany:

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court ex officio, but require that the debtor or a creditor files a petition for the opening of insolvency proceedings. Insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of its illiquidity (*Zahlungsunfähigkeit*), meaning, according to case law, that the debtor is unable to pay 10% or more of its debts due or falling due within the next three weeks for a period longer than three weeks. According to the relevant provision of the German Insolvency Code, a debtor is overindebted when its liabilities exceed the value of its assets (based on their liquidation values), unless a continuation of the debtor’s business as a going concern is predominantly likely (*überwiegend wahrscheinlich*) based on a 12 months forecast horizon (*positive Fortführungsprognose*). Whether the debtor’s liabilities exceed the value of its assets must be assessed on the basis of an over-indebtedness balance sheet to be drawn up on the basis of liquidation values. If a limited liability company (*Gesellschaft mit beschränkter Haftung*), a stock corporation (*Aktiengesellschaft*), a European law stock corporation based in Germany (*Societas Europaea*) or any partnership not having an individual as personally liable partner finds itself in a situation of illiquidity and/or over-indebtedness, the management board or managing director(s) of such entity and, in certain circumstances, its shareholders, are obligated to file for insolvency without delay but, in the case of illiquidity at the latest within three (3) weeks after illiquidity occurred and in the case of over-indebtedness at the latest six (6) weeks after over-indebtedness occurred. Non-compliance with these obligations exposes management to a liability risk under civil law as well as to a risk of being sanctioned under criminal law.

In addition to the above, the debtor, but not a creditor, can file for the opening of insolvency proceedings already in the event of imminent illiquidity (*drohende Zahlungsunfähigkeit*), i.e., if there is the imminent risk of the relevant entity being unable within a certain prognosis period (such period generally being 24 months) to pay its debts as and when they fall due. However, imminent illiquidity does not give rise to a statutory obligation for the management of the debtor to file for insolvency proceedings.

Insolvency proceedings are controlled by the competent insolvency court, which monitors the due performance of the proceedings. These are usually split into two distinct phases: Preliminary insolvency

proceedings commence with the filing of an insolvency petition and usually last for a period of two-to-three months, and formal insolvency proceedings that commence upon the competent court's order.

Upon receipt of the insolvency petition, the insolvency court may take preliminary measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). E.g., the insolvency court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets other than immovable assets during these preliminary proceedings insofar as these protective measures are reasonable to protect the debtor's assets and/or to ensure the continuation of the debtor's business.

The insolvency court will in most cases also appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may include safeguarding and preserving the debtor's property and assessing whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage the business and dispose of the assets of the debtor may pass to the preliminary insolvency administrator.

If a debtor faces imminent illiquidity (*drohende Zahlungsunfähigkeit*) and/or is overindebted (*Überschuldung*) only, it may also ask for preliminary "debtor-in-possession" proceedings (*vorläufige Eigenverwaltung*) unless - from a third-party perspective - there is no reasonable chance for a successful restructuring. Under certain conditions, the debtor may seek with such filing also the initiation of so-called protective shield proceedings (*Schutzschirmverfahren*). A court may acquiesce to such request if an independent expert testifies that the restructuring of the debtor's business is not obviously futile (*offensichtlich aussichtslos*) and that the debtor is not already illiquid. In these cases, the court will appoint a preliminary trustee (*vorläufiger Sachwalter*) instead of a preliminary insolvency administrator. It may also implement other preliminary measures – e.g. to protect the debtor from creditor enforcement actions – for up to three months. During that period, the debtor shall prepare an insolvency plan which ideally will be implemented once formal insolvency proceedings have been opened.

During preliminary insolvency proceedings, the insolvency court has to appoint a "preliminary creditors' committee" (*vorläufiger Gläubigerausschuss*), absent certain exemptions, if the debtor satisfies at least two of the following three requirements:

- (a) a balance sheet total of at least EUR 6,000,000 (after deducting an equity shortfall if the debtor is overindebted);
- (b) revenue of at least EUR 12,000,000 in the twelve months prior to the last day of the financial year preceding the filing; and/or
- (c) 50 or more employees on an annualized average basis.

However, at the discretion of the competent court, a preliminary creditors' committee can also be set up in other cases. The requirements apply to the respective entity without taking into account the assets of other group companies.

The preliminary creditors' committee will be able to participate in certain important decisions made in the preliminary insolvency proceedings. It will have, for example, the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or an insolvency administrator (*Insolvenzverwalter*); court orders for debtor-in-possession proceedings (*Anordnung der Eigenverwaltung*); and appointments of (preliminary) trustees (*vorläufiger Sachwalter*).

The court opens formal insolvency proceedings (*Eröffnung des Insolvenzverfahrens*) if certain requirements are met, including that (a) the debtor is in a situation of imminent illiquidity (if the petition has been filed by the debtor), illiquidity and/or overindebtedness and (b) there are sufficient assets available in the estate to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not

expected to be sufficient to even cover such costs, the insolvency court will only open formal insolvency proceedings if third parties (for example, creditors), advance the costs themselves. In the absence of such advancement, the petition for the opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*) following which the company will, *inter alia*, be deemed dissolved and put into liquidation.

Unless the court has granted debtor-in-possession status (*Eigenverwaltung*) (in which case the court will only appoint a trustee (*Sachwalter*) who will supervise the management of the debtor), upon opening of the insolvency proceedings, the court will appoint an insolvency administrator (*Insolvenzverwalter*) who has full administrative and disposal authority over the debtor's assets, whereas the debtor (i.e., its management) is no longer entitled to dispose of its assets. The insolvency creditors (*Insolvenzgläubiger*) will only be entitled to replace the insolvency professional who has been appointed by the court as insolvency administrator upon the occasion of the first creditors' assembly (*erste Gläubigerversammlung*) with such change requiring that (a) a simple majority of votes cast (by heads and amount of insolvency claims) has voted in favor of the proposed individual becoming insolvency administrator and (b) the proposed individual being eligible to be officeholder, (i.e., sufficiently qualified, business experienced and impartial).

During formal insolvency proceedings, the insolvency administrator (or in the case of debtor-in-possession proceedings, the debtor) may raise new financial indebtedness and incur other liabilities to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any general liabilities created by the debtor (or a preliminary insolvency administrator/trustee prior to the opening of formal insolvency proceedings).

The insolvency administrator or trustee may, on the grounds of voidance (*Insolvenzanfechtung*), also challenge transactions that are deemed detrimental to insolvency creditors and which were effected prior to the opening of the insolvency proceedings (See "*—Hardening Periods and Fraudulent Transfer*").

For the holders of the Notes, the consequences of the opening of German insolvency proceedings against any German Guarantor would include, among other things, the following:

- (a) unless the court orders debtor-in-possession proceedings (*Eigenverwaltung*), the right to administer and dispose of the German Guarantor's assets would generally pass to the (preliminary) insolvency administrator ((*vorläufiger*) *Insolvenzverwalter*) as sole representative of the insolvency estate;
- (b) unless the court orders debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by the German Guarantor's management after the opening of insolvency proceedings are null and void by operation of law;
- (c) claims against any German Guarantor may generally only be pursued in accordance with the rules set forth in the German Insolvency Code; and
- (d) any person that has a right for segregation (*Aussonderung*), i.e., where an asset is in the possession of the insolvency estate but does not under applicable law constitute part of the insolvency estate, is not considered a creditor and therefore does not participate in the insolvency proceedings; the claim for segregation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

Certain of these consequences may already impact the position of the holders of the Notes prior to the opening of insolvency proceedings if so ordered by the competent insolvency court following the insolvency petition during preliminary proceedings.

All creditors, whether secured or unsecured, who wish to assert claims against the debtor need to participate in the insolvency proceedings and have to file their claims against the debtor and the rights they claim in the assets of the debtor with the insolvency administrator. With the exception of certain secured

creditors, an individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened (and, if so ordered by a court, also during preliminary proceedings). German insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims in the insolvency proceedings separately but can instead only enforce them in compliance with the restrictions of the German Insolvency Code. Accordingly, unsecured creditors may file their claims in the insolvency proceedings and will be paid on a pro rata basis from the net insolvency estate (to the extent sufficient assets are available). Secured creditors are generally not entitled to enforce their security interests after insolvency proceedings have commenced to the extent the German Insolvency Code authorizes the insolvency administrator to dispose of the relevant collateral asset but retain certain preferential rights (*Absonderungsrechte*) in the insolvency proceedings. In this case, secured creditors will have a right to claim the disposal proceeds (minus costs and fees) from such realization. Whether or not, after the initiation of insolvency proceedings, a secured creditor remains entitled to enforce security granted to it by the relevant debtor depends on the type of security: The insolvency administrator generally has the sole right (a) to realize any movable assets within its possession that are subject to preferential rights (*Absonderungsrechte*) (for example, pledges over certain movable assets (*Mobiliarpfandrechte*) or any moveable assets that have been transferred by way of security (*Sicherungsübereignung*)) and (b) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*), but not in relation to IP rights.

In case the right of disposal regarding a collateral asset vests in the insolvency administrator, the relevant secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Absonderungsrecht*). Consequently, the disposal proceeds minus certain contributory charges for (a) assessing the value of the secured assets (*Feststellungskosten*) and (b) realizing the secured assets (*Verwertungskosten*) -which, in the aggregate, usually add-up to 9% of the gross enforcement proceeds plus VAT (if applicable) are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. In the case of debtor-in-possession proceedings (*Eigenverwaltung*), the cost of assessing the value of the secured assets (*Feststellungskosten*) may not be deducted from the enforcement proceeds. Remaining amounts ("**Excess Proceeds**") will be allocated to the insolvency estate (*Insolvenzmasse*) and will, after deduction of the costs of the insolvency proceedings (for example, fees for and expenses of the insolvency administrator and the insolvency court as well as at the members of the creditors' committee) and after satisfaction of all preferential liabilities be distributed among the non-preferential unsecured creditors, including the holders of the Notes. If a German Guarantor or a subsidiary subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred satisfaction of the creditors secured by such security (however, the preferential treatment would be limited to the proceeds obtained through the disposal of the relevant collateral).

The existence of a right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using the relevant asset that is subject to this right for the purpose of continuing the debtor's business during insolvency proceedings. The insolvency administrator, however, must compensate the creditor in accordance with specific rules.

It may take several years before proceeds from the liquidation of the insolvency estate, if any, are distributed to unsecured creditors. Moreover, the relevant insolvency estate (including Excess Proceeds (if any)) may not be sufficient to satisfy the obligations under the Guarantees by the German Guarantors after all preferential creditors have been satisfied.

A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, in principle, the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules. Under German insolvency laws, it is possible to implement a debt-for-equity swap through an

insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity conversion if it does not consent to such debt-for-equity swap.

Under German insolvency law, there is no group insolvency concept, which generally means that, despite the economic ties between various entities within one group of companies, there will be one separate insolvency proceeding for each of the entities if and to the extent there exists an insolvency reason on the part of the relevant entity. Each of these insolvency proceedings will be legally independent from all other insolvency proceedings (if any) within the group. In particular, there is no consolidation of assets and liabilities of a group of companies in the event of insolvency and no pooling of claims among the respective entities of a group. While an act to facilitate the mastering of group insolvencies (*Gesetz zur Erleichterung der Bewältigung von Konzerninsolvenzen*) came into force in 2018, it is mainly intended to facilitate the coordination of and cooperation between insolvency proceedings of group companies. It does not provide for a consolidation of the insolvency proceedings of the insolvent group companies, or a consolidation of the assets and liabilities of a group of companies or pooling of claims among the respective entities of a group, but rather stipulates four key amendments of the German Insolvency Code in order to facilitate an efficient administration of group insolvencies:

- (a) a single court may assume jurisdiction for another group entity's insolvency proceedings (*Gruppen-Gerichtsstand*);
- (b) the appointment of a single person as insolvency administrator for all relevant group companies is facilitated;
- (c) coordination obligations are imposed on insolvency courts, insolvency administrators and creditors' committees; and
- (d) certain parties may apply for coordination proceedings (*Koordinationsverfahren*) and the appointment of a coordinator (*Verfahrenskoordinator*) with the ability to propose a coordination.

The EU Insolvency Regulation provides in its Articles 61 *et seq.* for a similar concept, which shall be applicable on an opt-in basis to the extent that proceedings relating to different members of the same group of companies have been opened in more than one Member State of the European Union.

German insolvency law provides for certain creditors and their claims to be subordinated by law (including, but not limited to, claims by shareholders (unless privileged) of the relevant debtor for the repayment of shareholder loans and comparable claims). The restrictive nature of the covenants and undertakings in the Indenture may result in the holders of the Notes and/or the Trustee being considered in a shareholder-like position (*gesellschafterähnliche Stellung*). In that event, in an insolvency proceeding over the assets of a German Guarantor, the claims arising from a Guarantee would be treated as a subordinated insolvency claim (*nachrangige Insolvenzforderungen*). Subordinated insolvency claims are not eligible to participate in the insolvency proceedings over the assets of a German Guarantor unless the insolvency court handling the case has granted special permission allowing these subordinated insolvency claims to be filed, which is not granted in the vast majority of insolvency cases governed by German law. Claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors.

Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrator opts for performance.

At the same time, under German insolvency law, contractual termination rights, automatic termination events or "escape clauses" entitling one party to terminate a contract, or resulting in an automatic termination of a contract, upon the opening of insolvency proceedings in respect of the other party, the filing for insolvency or the occurrence of an insolvency event (*insolvenzbezogene Kündigungsrechte oder Lösungsklauseln*) may be invalid if (i) the insolvency-dependent circumstances as such allow for

termination of the contract and (ii) the termination clause deviates in its prerequisites or legal consequences from the statutory termination options without there being legitimate reasons for these deviations when viewed objectively at the time of the conclusion of the contract (ex ante) on the basis of the mutual interests of the parties. Such legitimate reasons are generally not given for an insolvency related termination by a creditor who is entitled to receive payments from the debtor.

GmbH Limitation Language

As a general rule, Sections 30 and 31 of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, “GmbHG”) (“**Sections 30 and 31**”) prohibit a limited liability company incorporated under the laws of the Federal Republic of Germany (*Gesellschaft mit beschränkter Haftung*, “GmbH”) from disbursing its assets to its direct or indirect shareholders, to the extent that the amount of the GmbH’s net assets (i.e., assets minus liabilities and liability reserves as determined under German Generally Accepted Accounting Principles) is already less or would fall below the amount of its stated share capital (*Begründung oder Vertiefung einer Unterbilanz*). The granting or enforcement of guarantees or security interests by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to issue guarantees or create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31 and to protect management from personal liability, it is standard market practice for indentures, certain credit agreements, guarantees and security documents to contain “limitation language” in relation to subsidiaries incorporated or established in Germany in the legal form of a GmbH or a limited partnership with a GmbH as its only general partner (e.g., GmbH & Co. KG). Pursuant to such limitation language, the beneficiaries of the guarantees or the security interests agree, subject to certain adjustments and exemptions, to enforce the guarantees or the security interests against the German subsidiary only to the extent that such enforcement does not result in the GmbH’s (or, in case of a partnership with a GmbH as general partner, such GmbH’s) net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the Guarantee, the Indenture and the security documents (if any) provided by the German Guarantors will contain such limitation language and therefore the enforcement of the Guarantees and the Indenture is limited in the manner described. This could lead to a situation in which the respective Guarantee or security granted by the relevant Guarantor cannot be enforced at all.

Also, German capital maintenance and liquidity maintenance rules are subject to evolving court decisions on an ongoing basis (see, for example, the decision of the German Federal Supreme Court (*Bundesgerichtshof*) dated March 21, 2017, file no. II ZR 93/16, regarding the preservation of the share capital). We cannot assure you that future court rulings may not further limit the access of shareholders to assets of the German subsidiaries, which can negatively affect the ability of the German subsidiaries to make payments on the guarantee.

In addition, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding section 15b para. 5 InsO (replacement provision for section 64 sentence 3 of the GmbHG) (i.e., a situation where a managing director makes a payment to the GmbH’s shareholder which inevitably leads to the illiquidity of the GmbH) or a so called “destructive interference” (*existenzvernichtender Eingriff*) (i.e., a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of the guarantees or security interests granted by the German subsidiaries. In such a case, the amount of proceeds to be realized in an enforcement process may be (further) reduced (down to zero). Furthermore, according to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), a security agreement may be void due to tortious inducement of breach of contract if a creditor knows about the distressed financial situation of the debtor and anticipates that the debtor will only be able to grant collateral (including a guarantee) by disregarding the vital interests of its other

business partners. It cannot be ruled out that German courts may apply this case law with respect to the granting of the guarantees and/or security interests by the German subsidiaries.

Creditor's Liability

Furthermore, the beneficiary (e.g., a holder of Notes) of a transaction resulting in the granting of a guarantee and/or collateral could, moreover, become personally liable under exceptional circumstances. The German Federal Supreme Court (*Bundesgerichtshof*) ruled that this could be the case if, for example, the creditor were to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the grantor of the guarantee and/or security interests was close to collapse (*Zusammenbruch*) or had reason to enquire further with respect thereto.

Hardening Periods and Fraudulent Transfer

Under the InsO, an insolvency administrator or in the event that debtor-in-possession status has been granted, the trustee (*Sachwalter*) may challenge (*anfechten*) transactions, performances or other acts that are deemed detrimental to the insolvency creditors as a whole and were effected prior to the commencement of insolvency proceedings during applicable voidance periods. The administrator's or the trustee's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the filing of the petition for commencement of insolvency proceedings.

The payment of any amounts to the holders of Notes as well as the granting of collateral for or providing credit support for the benefit of the Notes could be subject to potential challenges by an insolvency administrator or, as the case may be, trustee under the rules of voidance as set forth in the German Insolvency Code. If the validity or enforceability of the Notes is challenged successfully, the holder of the Notes may not be able to recover any amounts under the Notes. If payments have already been made under the Notes, any amounts received from a transaction that had been challenged would have to be repaid to the insolvency estate (including, potentially, interest). In this case, holders of Notes would only have a general unsecured claim under the Notes without preference in insolvency proceedings.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security or the repayment of debt) may be voided in the following cases:

- (a) any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) if such act was taken (i) during the last three months prior to the filing of a petition for the commencement of insolvency proceedings, if the debtor was illiquid (*zahlungsunfähig*) at the time such act was taken and the creditor knew of such illiquidity (or of circumstances that imperatively suggest that the debtor was illiquid) at such time, or (ii) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances imperatively suggesting such illiquidity or filing);
- (b) any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) to which such creditor was not entitled or which was granted or obtained in a form in which or at a time at which such creditor was not entitled to such security or satisfaction, if (i) such act was taken during the last month prior to the filing of the petition for the commencement of insolvency proceedings or after such filing, (ii) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time or (iii) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggest such detrimental effect);

- (c) any transaction by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, provided it was entered into (i) during the three months prior to the filing of the petition or the commencement of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time or (ii) after the filing of the petition for the commencement of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;
- (d) any act by the debtor without (adequate) consideration (for example, whereby a debtor grants security (including a guarantee) for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the commencement of insolvency proceedings;
- (e) any act performed by the debtor during a period of ten years prior to the filing of the petition for the opening of insolvency proceedings or after such filing. If the debtor acted with the intention to prejudice its creditors (*vorsätzliche Gläubigerbenachteiligung*) and, can be voided if the other party had knowledge of such intention at the time of such act, with such knowledge being presumed if the other party knew that the debtor's illiquidity was imminent and that the transaction disadvantaged the other creditors. In the case that the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction for a debt, the voidability of acts is limited to four years. In the case that the relevant act granted a creditor, or enabled a creditor to obtain, security or satisfaction for a debt to which such creditor was entitled in that form and that time, knowledge of such creditor of the intention of the debtor to prejudice its insolvency creditors shall (only) be presumed if the beneficiary knew that the debtor was illiquid and that the relevant act disadvantaged the other creditors. The fact that the creditor agreed on a payment plan with the debtor or agreed to deferred payments shall establish the presumption that he had no knowledge of the debtor being illiquid at this time;
- (f) any non-gratuitous contract (*entgeltlicher Vertrag*) concluded between the debtor and a related party (*nahestehende Person*) which directly operates to the detriment of the creditors can be challenged unless such contract was concluded earlier than two years prior to the filing of the petition for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors as at the time the contract was concluded; in relation to corporate entities, the term "related party" includes, subject to certain limitations, members of the management or supervisory board, general partners and shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons who are spouses, relatives or members of the household of any of the foregoing persons;
- (g) any act that provides security (including a guarantee) (*Sicherung*) or satisfaction (*Befriedigung*) for a claim of a shareholder for repayment of a shareholder loan made to the debtor or an economically similar claim if (i) in the case of the provision of security, the act took place during the ten years prior to the filing of the petition for the commencement of insolvency proceedings or after the filing of such petition, or (ii) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition. It being understood, that the regulation for shareholder loans does not apply (A) to shareholders that own 10% or less of the shares or interest and are not engaged in management and (B) until the successful restructuring of the debtor in case a creditor for the first time acquires shares during over-indebtedness, illiquidity or imminent illiquidity for the purpose of restructuring the debtor; and
- (h) any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for the commencement of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had

granted security or was liable as a guarantor or surety provider (*Garant oder Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, “knowledge” is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor (for example, a German Guarantor) was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor’s intention to prejudice the insolvency creditors if it knew of the debtor’s imminent illiquidity and that the transaction prejudiced the debtor’s creditors. With respect to a “related party,” there is a general statutory presumption that such party had “knowledge.”

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Voidance Act (*Anfechtungsgesetz*). The conditions for voidance under the German Voidance Act differ to a certain extent from the above-described rules under the German Insolvency Code and the voidance periods are calculated from the date when a creditor exercises its rights of voidance in the courts.

In addition, under German law, a creditor who provided additional, or extended existing funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor’s (impending) insolvency or of circumstances indicating such debtor’s (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Court of Justice (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction would be aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or has reason to enquire further with respect thereto.

Pre-insolvency Restructuring Plan

As at January 1, 2021, the Corporate Stabilization and Restructuring Act (*StaRUG*) came into force in Germany, implementing the EU Restructuring Directive. The Corporate Stabilization and Restructuring Act (*StaRUG*) provides for a restructuring procedure, which is available to companies that face impending illiquidity (*drohende Zahlungsunfähigkeit*), (i.e., that the debtor will predominantly likely be unable to pay its debts as and when they fall due (ordinarily measured over a period of 24 months)), but that are not considered to have become illiquid and/or over-indebted already. The debtor’s management is not obliged to make use of the tools of the Corporate Stabilization and Restructuring Act (*StaRUG*). Therefore, the debtor may alternatively file for regular insolvency proceedings if the respective requirements are met (see above under “—Insolvency.”)

Following a vote by creditors on a restructuring plan, the debtor is entitled to restructure certain liabilities and security granted by the debtor or its affiliates and to take corporate measures. A qualified majority of creditors voting in favor of the plan is required for its adoption. A restructuring plan may cover, among others, the reduction of claims, extension of maturity dates, amendments of multilateral agreements, intercreditor agreements and bond indentures. However, claims of employees, pension liabilities, compensation claims for intentional damages and fines cannot be subject to the restructuring plan. In the case of a group of companies, restructuring proceedings may only be conducted separately for each entity. In this context, it is possible that, upon request, a court will become competent for the restructurings of all companies belonging to the group. The Company Stabilization and Restructuring Act (*StaRUG*) provides for the respective application of the provisions of the InsO, which implemented the law to facilitate group insolvencies.

Generally, a debtor is responsible for preparing the restructuring plan. The involvement of the competent restructuring court is not required by law and proceedings can, under certain circumstances, even be conducted without the need for any public notices. The debtor, though, may decide to apply for involvement of the court, which may include the following stabilization and restructuring instruments, which are available for all debtors excluding financial institutions such as banks and insurances companies: (i) the court organizes the plan voting process, (ii) the court assesses the plan on a preliminarily basis, (iii) the court imposes a moratorium on the enforcement of claims against the debtor and the realization of rights to objects of the debtor's assets for a period between three and eight months and (iv) the official plan approval by the court.

Creditors that are affected by the plan vote in different groups on the restructuring plan. Therefore, the debtor will divide the relevant creditors that are affected by the plan into different classes. The classification of creditors has to be fair and appropriate without taking into account unlawful considerations. Prior to voting, creditors have at least 14 days to consider the proposed plan. In order for the plan to be adopted, at least 75% of the voting rights in each group must consent to the plan. In the case of a group rejecting the plan it can be crammed down, if the majority of groups (more than 50%) voted in favor of the plan and certain other requirements are met (cross-class cram down). Dissenting creditors can object to the plan or file an immediate appeal against the confirmation decision by the court. The plan becomes binding for dissenting creditors only if the court approves the plan.

Generally, the mere filing for the restructuring procedure with the court or the mere application of the aforementioned stabilization and restructuring instruments does not permit the termination or acceleration, by a creditor, of agreements to which the debtor is a party or provide grounds for a creditor to refuse the fulfilment of its existing obligations. In addition, the Corporate Stabilization and Restructuring Act (*StaRUG*) provides for a relief from the so-called "creditors' liability." The mere filing for the restructuring procedure with the court or the mere application of the aforementioned stabilization and restructuring instruments are not viewed as evidence of actions that *contra bonos mores* delay the insolvency or as actions taken with the intent of detrimentally influencing the position of the other creditors.

Any transactions contemplated by a restructuring plan approved by the relevant court are not subject to avoidance actions until a sustainable restructuring (*nachhaltige Sanierung*) of the debtor is achieved, unless the restructuring plan was based on incorrect or incomplete information presented by the debtor and the addressee of the avoidance action had knowledge thereof. This privilege does not apply to shareholder loans or economically similar transactions or collateral provided therefor.

Should a German Guarantor or any other Guarantor having its COMI in Germany initiate restructuring proceedings, the following are among the most relevant consequences for the holders of Notes:

- potentially no or limited court review and/or supervision of the negotiation and drafting of a restructuring plan and the restructuring proceedings;
- any measures (such as a reduction in principal and/or interest or deferrals) regulated by the restructuring plan may be approved within a class of creditors (e.g., the holders of the Notes) with a majority of 75% of the claims' nominal value (no headcount) or by way of a so-called cross-class cram down by other classes under certain circumstances;
- a restructuring plan can be adopted and the measures therein can become binding on any holder of the Notes without the consent of each holder of the Notes and, if the prerequisites for a cross-class cram-down are fulfilled, even without the consent of any of the holders of the Notes;
- claims and rights of the holder of the Notes can be subject to and potentially be compromised by the restructuring plan (e.g. in relation to claims in the form of a reduction in principal and/or interest or a deferral and in relation to security rights in the form of a release and an adjustment of the ranking of the security right);

- any collateral granted by the debtor as well as intra-group collateral may be subject to restructuring proceedings potentially leading to a negative impact on the respective collateral; and
- restrictions on individual enforcement actions for all or certain creditors regarding their claims, or, if applicable, their respective collateral over moveable assets of up to eight months due to a moratorium.

Restructuring plans which are made public and confirmed by a German restructuring court pursuant to the rules set out in the Corporate Stabilization and Restructuring Act will be recognized in any Member State of the European Union pursuant to the EU Insolvency Proceedings Regulation (Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings). In any other case, the recognition of the restructuring plan outside Germany will be subject to the applicable rules of the relevant jurisdiction where recognition is sought.

Certain limitations on enforcement

Enforceability of civil liabilities

The German Guarantors are formed under the laws of Germany.

Germany is a signatory of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”). The courts of Germany therefore recognize and enforce international arbitral awards subject to the conditions set out in the New York Convention and sections 1061 to 1065 of the German Code of Civil Procedure (*Zivilprozessordnung*). The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters.

Service of process in Germany is generally effected by the court and not by the parties to the proceedings. Service of process from parties in non-German countries must be effected in accordance with international treaties. In relation to the United States, the Hague Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (“**Hague Convention**”) will apply. Germany has not accepted the option of direct service of documents through mail provided for in Article 10 of the Hague Convention. Therefore, service has to be effected through the proper authorities in charge of implementing the Hague Convention in Germany. Documents will have to be accompanied by a translation into German. Alternatively, a German entity may agree to appoint a process agent abroad to accept service of documents in another jurisdiction. In that case, there will be no need to effect service according to international treaties and the service will be effected according to the laws of the country in which the process agent was appointed.

A final judgment for payment rendered by any federal or state courts in the United States based on civil liability would generally be recognized by a German court upon satisfaction of all of the following conditions:

- the judgment is final and binding (*res judicata*) under U.S. federal or state law;
- applying German law principles of jurisdiction competence the U.S. court had jurisdiction over the case under German law;
- process had been served on the defendant properly and in a timely fashion allowing him to defend himself or, in the case of non-compliance with such requirement, (i) the defendant has nevertheless entered an appearance in the proceedings or (ii) does not invoke such non-compliance in the recognition procedures;
- the judgment is not incompatible (i) with any prior judgment rendered in Germany nor (ii) with any prior judgment rendered abroad that is to be recognized in Germany nor were the proceedings for the judgment incompatible with earlier pending proceedings in Germany;

- the effects of its recognition will not be in conflict with essential principles of German law, including, without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. court's civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will likely not be enforced in Germany, on the basis of being in conflict with basic principles of German law. A German court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent they are necessary to compensate actual losses or damages; and
- the reciprocity of enforcement of judgments is guaranteed.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received a recognition decision (*exequatur*) from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, there can be no assurance that those judgments will be enforceable. In particular, the obligations need to be of a specific kind and type for which an enforcement procedure exists under German law. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation or moratorium, as well as other similar laws affecting creditor's rights generally.

Finally, German civil procedure differs substantially from U.S. civil procedure in a number of aspects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

Italy

Limitations on Granting Security Interests and Guarantees under Italian Law

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate Benefit

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation, is assessed and determined by a factual analysis on a case by case basis and its existence is a business decision of the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for downstream guarantee or security (*i.e.*, a guarantee or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security or guarantee (*i.e.*, security or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend

on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive adequate benefits or advantages from the granting of such guarantee or security. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings or distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by an Italian grantor of security or guarantor under a guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream, cross-stream and down-stream guarantees or security interests granted by Italian companies.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of Italian Legislative Decree No. 385 of September 1, 1993 (the “**Italian Banking Act**”), whose exercise is exclusively demanded to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Legislative Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or the granting of security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby “group” includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies which are under the control of the same entity. As a result of the above described rules, subject to the relevant guarantors and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Financial Assistance

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation of financial assistance provisions. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be

personally liable for failure to act in the best interests of the company. Please refer to paragraph "Limitations to the Guarantee" below for further details.

Article 1938 of the Italian Civil Code

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by an Italian guarantor is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture).

Limitations to the Guarantee

In order to comply with the above corporate law requirements on corporate benefit and financial assistance, the maximum amount that any guarantor incorporated under the laws of Italy (if any) may be required to pay in respect of its obligations as guarantor under the relevant Guarantee will be subject to limitations. By virtue of these limitations, the obligations of a guarantor incorporated under the laws of Italy under its Guarantee may be significantly less than amounts payable with respect to the Notes, or such Italian Guarantor may have effectively no obligation under its Guarantee.

In particular, as regards to the Italian Guarantor, given the above limitation in relation to Italian financial assistance law and corporate benefit, such amount shall be limited to the aggregate outstanding principal amount of any loan in any form (including, without limitation, any intercompany loan), documentary credit (including any intercompany documentary credit or other form of financial support) or any other item constituting "Financial Indebtedness" (as defined in the Indenture) advanced from time to time to the Italian Guarantor, or any of its direct or indirect subsidiaries pursuant to article 2359 paragraph 1, numbers 1 and/or 2, of the Italian Civil Code, directly or indirectly by the Issuer or any other Guarantor.

In addition, in order to comply with the provisions of Italian law in relation to the financial assistance (including Article 2358 and Article 2474, as the case may be, of the Italian Civil Code), the obligations of each Italian Guarantor under the relevant Guarantee in respect of the obligations of the Issuer or any other Guarantor which is not a subsidiary (pursuant to article 2359, paragraph 1, numbers 1 and/or 2, of the Italian Civil Code) of such Italian Guarantor:

- (i) shall not include and shall not extend to any Italian Acquisition Financial Indebtedness;
- (ii) shall not include and shall not extend, directly or indirectly, to any indebtedness incurred by any Guarantor and applied in whole or in part towards the acquisition or subscription of shares in the Italian Guarantor or any holding company of the Italian Guarantor (or the refinancing of any indebtedness incurred for that purpose); and
- (iii) shall not exceed, for the purposes of Article 1938 of the Italian Civil Code, in any case, the overall amount of €389,000,000 (or the equivalent in any other currency).

Without prejudice to the above, in order to comply with the mandatory provisions of Italian law in relation to (A) the maximum interest rate (namely, Italian Usury Law and article 1815 of the Italian Civil Code) and (B) capitalization of interests (namely, article 1283 of the Italian Civil Code and Article 120 of the Italian Bank Act), the obligations of any Italian Guarantor under the relevant Guarantee shall not include and shall not extend to:

- (i) any interest qualifying as usurious pursuant the Italian Usury Law; and
- (ii) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and Article 120 of the Italian Banking Act, respectively.

For the purposes of this paragraph,

(A) “*Italian Acquisition Financial Indebtedness*” means any amount under the Notes paid or otherwise used in connection with the acquisition of Serenity S.p.A. and its Subsidiaries and any refinancing thereof for an amount equal to €76,000,000.

(B) “*Italian Guarantor*” means a Guarantor incorporated in Italy.

Certain Additional Considerations in Relation to Granting Security Interests

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against “undercapitalized companies” and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quota holder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower’s indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan (“**undercapitalization**”). Any payment made by the borrower with respect to any such loan within one year prior to an insolvency declaration would be required to be returned to the borrower. The above rules apply to shareholders’ loans “made in any form” and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer’s relationship with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer’s ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries may be impaired or restricted.

Certain Limitations on Enforcement

The enforcement of security interests by creditors in Italy can be complex and time consuming, especially in a liquidation scenario, given that Italian courts maintain a significant role in the enforcement process in comparison to other jurisdictions with which the holders of the Notes may be familiar. The two primary goals of the Italian law are first, to maintain employment, and second, to liquidate the debtor’s assets for the satisfaction of creditors. These competing goals often have been balanced by the sale of businesses as going concerns and by ensuring that employees are transferred along with the businesses being sold.

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential

challenges by the appointed judicial liquidation receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of (i) Italian bankruptcy law (*i.e.* Royal Decree No. 267 of March 16, 1942, as amended and supplemented from time to time, the “**Italian Bankruptcy Law**” and/or (ii) Italian Insolvency Code and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during the suspect period. For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see “—*Certain Italian Insolvency Laws Considerations*” and “*Hardening Period/Clawback and Fraudulent Transfer*” below. If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents (if any).

Furthermore, in the event that the limitations on the guarantee issued by an Italian Guarantor apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, among others, the following aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed below relating to or affecting the rights of creditors;
- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Court;
- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;
- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni e decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets of the same kind and are equally liquid and payable;
- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;
- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the application of Italian overriding mandatory provisions (*norme di applicazione necessaria*) and by the fact that the relevant provisions of foreign laws may be deemed contrary to Italian public policy principles and there is no case law setting out specific criteria for the application of such legal concepts under Italian law;
- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;
- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);

- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;
- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);
- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;
- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;
- in case of bankruptcy (filed or pending before July 15, 2022) or a judicial liquidation, a receiver is appointed by the court to administer the proceeding under the supervision of the court and creditors' committee and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the court or, in case of judicial liquidation, to have the pledged assets assigned at a fair market value returning any excess to the judicial liquidation estate;
- the preemption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding or bankruptcy/judicial liquidation proceedings;
- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document;
- there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;
- the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;
- penalties and liquidated damages (*penali*) may be equitably reduced by a court;
- any obligation of an Italian company and/or any obligation secured or guaranteed by an Italian company, which is in violation of certain Italian mandatory or public policy rules (including, among others, any obligation to pay: (i) any portion of interest exceeding the thresholds of the interest rate permitted under the Italian law no. 108 of March 7, 1996 (*i.e.*, the Italian usury law), as amended from time to time and related implementing rules and regulations; and (ii) any portion of interest deriving from any compounding of interest which does not comply with Italian law, including Article 1283 of the Italian Civil Code, according to which, accrued and unpaid interest can be capitalized only after legal proceedings to recover the debt were started or in the event the interest were unpaid and capitalized for not less than six months based on an agreement executed after the relevant maturity date and Article 120 of the Italian Legislative Decree no. 385/1993 (*i.e.*, the Italian Banking Act)) may not be enforceable;

- if a party to an agreement is aware of the invalidity of that agreement and does not inform the other parties to that agreement of such invalidity, it is liable for the damages suffered by such other parties as a consequence of having relied upon the validity of the agreement;
- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;
- a security interest does not prevent creditors of the relevant debtor other than the secured creditor from continuing enforcement or enforcement proceedings on the assets secured by the relevant pledge; and
- in case of bankruptcy (to the extent applicable after July 15, 2022) or judicial liquidation of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding or in case of a judicial liquidation the pledged assets can also be assigned to secured creditors at a fair market value and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a claw- back action (*azione revocatoria ordinaria*) pursuant to Articles 2901 and following of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and
- that, in the case of non-gratuitous acts, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Certain Italian Insolvency Law Considerations

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor it provides a comprehensive description of insolvency laws application where public companies are involved.

Insolvency laws and regulations have been replaced by a new crisis and insolvency code. In particular, the Italian government approved on January 12, 2019 the Legislative Decree No. 14 implementing the guidelines contained in Law No. 155 dated October 19, 2017 contending the scheme of a new comprehensive legal framework in order to regulate, inter alia, insolvency matters (the "Legislative Decree"), which enacts a new comprehensive legal framework in order to regulate, inter alia, insolvency matters which came into force on July 15, 2022 (so called "Code of Business Crisis and Insolvency", as subsequently amended and supplemented and including Italian Legislative Decree No. 83 of June 17, 2022 implementing the EU Restructuring Directive, hereinafter, the "Italian Insolvency Code"). The

Legislative Decree was published in the Gazzetta Ufficiale on February 14, 2019 no. 38—Suppl. Ordinario No. 6. The main innovations introduced by the Italian Insolvency Code include, inter alia: (i) the elimination of the term “bankrupt” (fallito) due to its negative connotation and the replacement of bankruptcy proceedings (fallimento) with a judicial liquidation (liquidazione giudiziale); (ii) a new definition of “state of crisis” (crisi); (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different restructuring tools and frameworks (strumenti di regolazione della crisi e dell’insolvenza della società) provided for by the same Italian Insolvency Code; (iv) a new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (concordato preventivo) in order to favor going concern proceedings; (vi) a new crisis settlement procedure (composizione negoziata della crisi); (vii) jurisdiction of specialized courts over proceedings involving large debtors; (viii) the adoption of the definition of debtor’s “center of main interest” as provided in the new set of rules concerning group restructurings; (ix) the introduction of the new restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione) among the restructuring tools and frameworks (strumenti di regolazione della crisi e dell’insolvenza della società); (x) the regulation of adequate measures and plans to early detect a crisis with specific criteria to be adopted by companies and (xi) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform.

Except for minor changes in some provisions of the Italian Civil Code, which already entered into force on March 16, 2019, in response to the COVID-19 pandemic, the entry into force of the Italian Insolvency Code has been initially postponed to September 1, 2021 by the “Decreto liquidità” (i.e., Law Decree April 8, 2020, no. 23, published in the Gazzetta Ufficiale on April 8, 2020 and converted in law by the Italian Parliament by the Law June 5, 2020, no. 40, published in the Gazzetta Ufficiale on June 6, 2020), and is now effective starting from July 15, 2022. Provisions under the Italian Bankruptcy Law (i.e. the Royal Decree No. 267 of March 16, 1942) continue to apply only to any filings for proposals of declaration of insolvency procedures and bankruptcy restructuring plans (concordato fallimentare) and any filings seeking for the sanctioning (omologazione) of debt restructuring agreements (accordo di ristrutturazione dei debiti) or for the opening of a composition with creditors proceeding (concordato preventivo) filed or pending before July 15th, 2022 (i.e. the effective date of the Italian Insolvency Code).

The Italian Insolvency Code has been amended and supplemented by, among others, (i) the Italian Legislative Decree No. 147 of October 26, 2020 (as amended and supplemental by Legislative Decree No. 83 dated June 17, 2022), by Law Decree No. 69 of June 13, 2023 (as converted by Law No. 103 of August 10, 2023), by Legislative Decree No. 224 December 6, 2023, and, lastly, by Legislative Decree No. 136 of 13 September 2024 (so called “Correttivo-ter Decree”), providing the corrective interventions to the Insolvency Code.

The Correttivo-ter Decree was published in the Italian Official Gazette on 27 September 2024 and, as provided thereunder, entered into force on 28 September 2024. Starting from 28 September 2024, the provisions of the Correttivo-ter Decree (which supplement and amend the Italian Insolvency Code) shall generally apply (unless otherwise provided) to all insolvency/restructuring proceedings (including negotiated crisis composition) pending as of 28 September as well as to those which will be started or opened after 28 September 2024. As an exception to such general rule, the Correttivo-ter Decree provides, inter alia, that: (i) the provisions under article 5, para. 9, lett. b), no. 3 of the decree shall apply only to negotiated composition for which filing is made after 28 September 2024; and (ii) the provisions under article 16, para. 6, article 17 para. 1 lett. a) and article 21, para. 4 of the decree shall apply only to arrangement proposals to Tax Authorities/Social Security Authorities (proposte di transazione fiscale e previdenziale) filed after 28 September 2024.

Considering the above, the following is a brief description of certain main aspects of insolvency law in Italy as it stands now and in particular of the Italian Insolvency Code (taking into account also the latest amendments introduced by the Correttivo-ter Decree).

Italian Insolvency Laws

Please find below a brief description of the main provisions of the Italian Insolvency Code which, upon its entry into force (on July 15, 2022 and as amended from time to time), has superseded the Italian Bankruptcy Law.

The two primary aims of the Italian Insolvency Code are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claims. The aim of the other Italian insolvency laws in force – i.e., the Legislative Decree No. 270 of 8 July 1999, as amended ("Decree 270"), and the Law Decree No. 347 of 23 December, 2003, converted into law, with amendments, by Law No. 39 of 18 February 2004, as amended ("Decree 347") — is to maintain employment. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold.

Under the Italian Insolvency Code, the judicial liquidation (*liquidazione giudiziale*) must be declared by a court, based on the insolvency (*insolvenza*) of a debtor upon a petition filed by the debtor itself, the bodies and authorities who exercise control or supervision thereto, one or more creditors and the public prosecutor. Insolvency, as defined under article 2, letter (b) of the Italian Insolvency Code, is defined as the state of the debtor, manifested by defaults and/or other external elements evidencing that the debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, and not a temporary status of insolvency, in order for a court to hold that a debtor is insolvent. The Italian Insolvency Code also introduced a specific concept of crisis, which is defined under article 2, letter (a) of the Italian Insolvency Code as the state of the debtor such that it is likely that insolvency will follow, which is manifested by the inadequacy of prospective cash flows to meet obligations in the following twelve months. Both insolvency and crisis are factual situations upon the occurrence of which different instruments provided for by the Italian Insolvency Code may be activated.

In cases where a debtor is facing financial difficulties or temporary cash shortfall and, in general, a state of crisis/financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the debtor, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

The following debt restructuring and insolvency alternatives are available under Italian law for companies in a state of crisis and for insolvent debtors and, in certain cases, also to debtors experiencing an economic or financial imbalance such as to make it likely that a state of crisis and/or distress or their insolvency will occur.

Restructuring outside of a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal out-of-court arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger liabilities in the event of a subsequent judicial liquidation procedure. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Composizione negoziata per la soluzione della crisi d'impresa pursuant to the Italian Insolvency Code

The negotiated crisis composition procedure (*composizione negoziata per la soluzione della crisi d'impresa*), was originally introduced in the Italian legal framework by Law Decree 118/2021 and has been subsequently incorporated into the Italian Insolvency Code. It is an out-of-court proceeding, but the court can be involved in the two following circumstances: (i) when the entrepreneur files a petition pursuant to article 18 of the Italian Insolvency Code requesting the competent court to confirm or modify the protective

measures to the entrepreneur's assets ("**Protective Measures**") provided for pursuant to article 18 and 19 of the Italian Insolvency Code by the day following the publication of the request in the relevant Companies' Register (*Registro delle Imprese*) and the acceptance of the Expert (as defined below), and, if necessary, to enact the measures necessary to complete the negotiations ("**Interim Measures**"), (ii) when the entrepreneur files a petition asking the court to authorize certain acts in line with the provisions set forth under article 22 of the Italian Insolvency Code, and (iii) when the entrepreneur files a petition for the sanctioning of the settlement agreement with the Italian Tax/social Authorities pursuant to article 23, paragraph 2-bis of the Italian Insolvency Code.

The composizione negoziata per la soluzione della crisi d'impresa is a proceeding aimed at facilitating the recovery of companies which "despite being in conditions of asset or economic and financial imbalance such as to make it likely that financial distress or insolvency will occur, have the potential to remain in the market, including through the sale of the business or a branch of it".

According to article 12 of the Italian Insolvency Code, *composizione negoziata* can be started by any kind of debtors, including commercial and agricultural entrepreneurs, which are undergoing either a situation of crisis, insolvency or even only an imbalance with reference to their assets, their business and/or their financial situation, such that it is likely that a distress/crisis or insolvency will follow, provided that their restructuring and rebalancing (*risanamento*) seems reasonably achievable. As regards to small enterprises so called "impresa minore" (i.e. an enterprise meeting the requirements set forth under article 2, para. 1 (d) of the Italian Insolvency Code (i.e., an enterprise (i) having assets (*attivo patrimoniale*) in an aggregate amount not exceeding €0.3 million for each of the three preceding fiscal years, (ii) having gross revenues (*ricavi lordi*) in an aggregate amount not exceeding €0.2 million for each of the three preceding fiscal years, and (iii) having total indebtedness not exceeding (included debts not yet due) of €0.5 million)), according to article 25-quater of the Italian Insolvency Code, *composizione negoziata* can be started as well, but only if the enterprise is facing an imbalance with reference to its assets, business and/or financials, such that it is likely that a crisis or insolvency will follow, provided that its restructuring and rebalancing (*risanamento*) seems reasonably achievable.

Pursuant to article 17, paragraph 3, letter d) of the Italian Insolvency Code, inter alia, the entrepreneur or the enterprise filing for a *composizione negoziata* must (i) report about the existence of judicial liquidation or insolvency declaration petitions pending towards itself and (ii) certify that, inter alia, it has not filed petitions for any of the restructuring tools (*strumenti di regolazione della crisi o dell'insolvenza*) provided for under the Italian Insolvency Code, including pursuant to articles 44, paragraph 1, letter a), 74 and/or 54, paragraph 3, of the Italian Insolvency Code. A petition to access *composizione negoziata* cannot be filed (and if filed shall be rejected) in the event that (a) a petition to access a restructuring tool filed by the same entrepreneur is already pending or has been renounced in the prior 4 months (b) another petition for *composizione negoziata* has been dismissed (*archiviata*) in the prior year (reduceable to 4 months upon certain conditions).

Pursuant to article 25 of the Italian Insolvency Code, the *composizione negoziata* may also apply to group of companies, which may commence one proceeding all together. At the end of the negotiations the relevant companies will be allowed to access to one of the agreements or tools provided forth under article 23 of the Italian Insolvency Code, both separately or as a whole group.

The *composizione negoziata* is commenced, on a voluntary basis only, by filing a petition for the appointment of a third party and independent expert with the Secretary General of the relevant Chamber of Commerce through a dedicated electronic platform (the "Expert" and the "Platform", respectively). Pursuant to article 16 of the Italian Insolvency Code, the person who acted as Expert in the context of such proceeding, shall not engage in professional relations with the relevant entrepreneur during the two years following the termination of the *composizione negoziata*, exception made for activities related to, or dependent on, the *composizione negoziata* itself.

The Expert is appointed within five (5) working days upon the filing of the petition and shall accept (or decline) the appointment in the following two (2) business days. The Expert is responsible for facilitating and managing the negotiations between the company, its creditors and any other interested parties, in order to identify a solution to overcome the crisis or the insolvency, including through the transfer of the business or a branch thereof and safeguarding, to the maximum possible extent, the occupational levels.

The Expert assesses his/her own independence, the adequacy of his/her own professional expertise and his/ her own time availability with respect to the prospected assignment, and, if the outcome of the assessment is positive, notifies his/her acceptance to the entrepreneur and uploads it on the Platform. In case of negative outcome, the Expert confidentially notifies it to the commission, which appoints a new Expert. Any Expert cannot be appointed for more than two proceedings of *composizione negoziata* at a time. If the Expert accepts the appointment, he/she meets with the entrepreneur in order to assess whether there are concrete and real chances of recovery. The entrepreneur attends the meeting personally, can be assisted by its advisors.

If the Expert finds that there are concrete and real chances of recovery (*risanamento*), he/she meets with the parties involved in the entrepreneur's recovery process and presents the possible strategies, scheduling periodic meetings close in time to one another. The entrepreneur may conduct negotiations without the expert's presence, provided that the expert is kept informed of their progress.

During the negotiations, all the parties involved must act in good faith and with fairness, must cooperate and are bound by confidentiality on the entrepreneur's situation, on the actions carried out or planned by the entrepreneur and on the information received in the course of the negotiations. The entrepreneur must provide a complete and clear representation of his/her situation and manage his/her assets without causing unfair prejudice to the creditors.

Banks and financial intermediaries, their agents, and, in case of credit assignment and/or transfer, their assignees or transferees, must take part in the negotiations actively and in an informed manner, and the access to the *composizione negoziata* does not, by itself, constitute ground for withdrawal of overdraft facilities, nor for a different classification of receivables (which, pending the composition procedure, shall be determined considering the draft business and financial plan presented by the debtor and also in light of the supervisory/regulatory provisions (*disciplina di vigilanza prudentziale*)). The continuation of the banking/financial relationship is not in itself grounds for liability of the bank and financial intermediary.

If the Expert finds that there are no real chances of recovery (*risanamento*), after the meeting with the entrepreneur or thereafter, he/she has to promptly notify the entrepreneur and the Secretary General of the Chamber of Commerce, which provides for the dismissal (*archiviazione*) of the entrepreneur's petition. The Expert's appointment is considered terminated if, after 180 days from its appointment, the parties have not agreed on a solution (that can also be proposed by the Expert) for overcoming the entrepreneur's distressed situation. However, the Expert's appointment can continue up to further 180 days (pursuant to article 17, paragraph 7 of the Italian Insolvency Code) if (i) the entrepreneur or other parties involved in the negotiations require so and the Expert agrees, or (ii) the prosecution of the appointment is required by the fact that the entrepreneur has filed a petition to the court pursuant to article 19 and/ or article 22 of the Italian Insolvency Code; or (iii) protective or interim measures are pending or it necessary to implement the authorization ruling issued by the court.

Pursuant to article 17, paragraph 8 of the Italian Insolvency Code, at the end of his/her appointment the Expert issues a final report (the "Final Report"), uploads it on the Platform, and notifies it to the entrepreneur and to the court that has granted the Protective Measures (*misure protettive*) and Interim Measures (*misure cautelari*) (if any) which declares the termination of their related effects.

Pursuant to article 18 of the Italian Insolvency Code, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of Protective Measures (as described below) vis-à-vis all the creditors or, upon entrepreneur request, only vis-à-vis certain

creditors' initiatives or certain specific creditors or categories of creditors. Furthermore, the entrepreneur may also request the application of Interim Measures necessary to allow the completion of the negotiations.

The Protective Measures consist of the following: from the date of publication of the relevant petition, affected creditors cannot obtain preemption rights (*diritti di prelazione*) unless agreed upon by the entrepreneur and all enforcement and interim actions are stayed. From the same date, prescriptions remain suspended and forfeitures do not occur. However, payment of pre-petition creditors is allowed. The Protective Measures do not apply to employees' claims. Interim Measures, on the other hand, have flexible content depending on the relevant precautionary need.

From the date of publication of the petition requesting the application of the Protective Measures until the date of conclusion of the negotiations or dismissal of the petition for the *composizione negoziata*, the ruling of opening the judicial liquidation proceeding (*sentenza di apertura della liquidazione giudiziale*) or the declaration of the insolvency of the entrepreneur cannot be declared by the court, unless the court revokes the Protective Measures.

Creditors whose rights are affected by the Protective Measures (banks and financial intermediaries included) cannot unilaterally refuse to perform their obligations under the contracts in place with the entrepreneur, nor terminate such contracts, nor anticipate their expiration date, nor amend them with detrimental consequences for the entrepreneur, or terminate or revoke – in all or in part – the credit facilities granted to the entrepreneur, solely on the ground of the missed payment of claims arisen prior to the publication of the petition requesting the application of the Protective Measures. However, the creditors may suspend the fulfilment of the pending contracts from the publication of the petition requesting Protective Measures to the obtainment of such Protective Measures. Banks and financial intermediaries can anyhow revoke or suspend the credit lines pursuant to the applicable prudential supervisory regulation (*disciplina di vigilanza prudenziale*).

If the entrepreneur applies for the Protective Measures (which, as said, are immediately effective), it must concomitantly file (in accordance with the deadlines set forth under the Italian Insolvency Code) the same request to the competent court, in order to allow a judge to check the said measures and to confirm them or, if necessary, to modify them. In the absence of this request, the Protective Measures will be ineffective.

The duration of the Protective Measures and, if necessary, the Interim Measures, is established by an order of the court in a range between 30 and 120 days, and, upon request of the parties and after obtaining the opinion of the Expert, can be extended for the time required to positively finalize the negotiations up to a maximum of 240 days.

At the request of the entrepreneur, one or more creditors or the Expert, the court that has granted the Protective Measures and/or Interim Measures may, at any time, revoke such measures or reduce their duration when they do not meet the aim of ensuring the positive outcome of the negotiations or they appear disproportionate in relation to the prejudice caused to the creditors, pursuant to article 19, paragraph 6 of the Italian Insolvency Code. If the Protective Measures are revoked, the prohibition of the obtainment of preemption rights by preexisting creditors ceases to be effective for the date on which the Protective Measure has been revoked.

During the procedure the entrepreneur remains able to continue the ordinary and extraordinary management of the company, subject to certain conditions. More precisely, pursuant to article 21 of the Italian Insolvency Code, pending the negotiations, the entrepreneur may carry out acts pertaining to ordinary activity, and, upon written notice to the Expert, carry out acts pertaining to extraordinary activity or make payments non-consistent with the negotiations nor with the perspectives of recovery. Furthermore, if during the course of the negotiations, it appears that the entrepreneur is insolvent but there are real prospects of recovery, the entrepreneur shall manage the enterprise and find the solution for the overcoming of its insolvency status in the best interests of the creditors, subject to his/her liabilities.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he/she reports it in writing to the entrepreneur and to the enterprise's supervisory body. If, notwithstanding the Expert's report, the entrepreneur carries out the relevant act, the entrepreneur gives immediate notice to the Expert, who may file his/her dissent for the registration with the Companies' Register. If this is the case, the relevant acts do not benefit of certain protections against claw-back actions pursuant to article 24 of the Italian Insolvency Code.

Pursuant to article 22 of the Italian Insolvency Code, the court, upon the entrepreneur's request and to the extent that this is consistent with the continuation of the business as a going concern and with the maximization of the creditors' recovery, may authorize:

- (A) the entrepreneur to incur new super-senior (*prededucibile*) financings in any form, including requesting the issuance of collateral, or authorizing agreement with the bank and financial intermediary to the reactivation of suspended credit lines;
- (B) the entrepreneur to incur new super-senior indebtedness (so-called *prededucibile*) via shareholders' financing;
- (C) one or more companies belonging to the same group under article 25 of the Insolvency Code to incur super-senior (*prededucibile*) financings; and
- (D) the entrepreneur to transfer its business, or certain business branches, without the effects provided under article 2560, paragraph 2, of the Italian Civil Code, without prejudice to article 2112 of the Italian Civil Code. However, in such case it will be for the court itself to identify the measures it considers appropriate, taking also into account the requests of the parties concerned, in order to protect all the interests involved. The court shall also verify the compliance with the competitiveness principle in choosing the purchaser.

The execution of the above-mentioned authorizations may also be postponed after the ending of the *composizione negoziata* if so provided under the court authorization or the Final Report.

Pursuant to article 23, para 1. of the Italian Insolvency Code, when a viable solution to overcome the crisis or insolvency of the debtor is identified, upon completion of the *composizione negoziata*, the relevant parties may proceed with one of the following:

- (a) execution of an agreement between the entrepreneur and one or more creditors and any interested party, which constitutes cause for application of the reward measures provided under article 25-bis, paragraph 1 of the Italian Insolvency Code if, according to the Expert's Final Report, such agreement ensures the continuation of the business as a going concern for at least 2 years;
- (b) execution of a standstill agreement (*convenzione di moratoria*) pursuant to article 62 of the Italian Insolvency Code;
- (c) execution of an agreement signed by the entrepreneur, by the adhering creditors and by any other adhering interested party, and also by the Expert, with the effects provided under articles 166, paragraph 3, lett. d) and 324 of the Italian Insolvency Code. With the execution of such agreement the Expert acknowledges that the reorganization plan (*piano di risanamento*) seems consistent with the composition of the crisis or insolvency of the entrepreneur.

Pursuant to article 23, para. 2 of the Italian Insolvency Code, the entrepreneur may, alternatively:

- (a) arrange an out-of-court reorganization plan (*piano attestato di risanamento*) pursuant to Article 56 of the Italian Insolvency Code;
- (b) file a petition requesting the sanctioning of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*) pursuant to articles 57, 60 and 61 of the Italian Insolvency Code. The percentage referred to under article 61, paragraph 2, letter c) of the Italian Insolvency Code is reduced to 60% if the achievement of the agreement results from the Final Report of the Expert or if the request for homologation is filed within 60 days from the notification of the same.

- (c) file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio* pursuant to article 25-sexies of the Italian Insolvency Code;
- (d) enter into one of the other restructuring tools or insolvency proceedings provided for under the Italian Insolvency Code or in the extraordinary administration proceedings under so-called Prodi-bis law (d.lgs. n. 270/1999) or the Marzano law (d.l. n. 347/2003).

The agricultural entrepreneur may access to one of the restructuring tools provided forth under article 25-quater of the Italian Insolvency Code.

Moreover, pending the *composizione negoziata* the entrepreneur may submit a proposal for a settlement agreement to Italian Tax Authorities/Social Security Authorities providing for partial payment or rescheduling of the relevant debts and related accessories, subject to certain requirements, terms and conditions being met (including, inter alia, court-filing and necessary court approval to execute the settlement), as set forth under article 23, para. 2-bis of the Italian Insolvency Code. Such settlement proposal cannot include taxes constituting own resources of the European Union. Certain other tax-relevant provisions (in the context of *composizione negoziata*) are set forth, inter alia, under article 25-bis of the Italian Insolvency Code.

Furthermore, pursuant to article 24 of the Italian Insolvency Code:

- (i) the acts authorized by the court pursuant to article 22 of the Italian Insolvency Code shall maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned composition with creditors (*concordato preventivo omologato*), opening of the judicial liquidation proceeding (*apertura della liquidazione giudiziale*), a sanctioned restructuring plan provided for pursuant to article 64-bis of the Italian Insolvency Code, a compulsory administrative liquidation (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or a sanctioned simplified composition with creditors (*concordato semplificato per la liquidazione del patrimonio*) provided for pursuant to article 25-sexies of the Italian Insolvency Code;
- (j) the acts, payments and granting of security interests made after the Expert accepted its appointment, are exempted from claw-back actions pursuant to article 166, paragraph 2, of the Italian Insolvency Code, provided that they are consistent with the development and the status of the negotiations and with the perspectives of recovery (*risanamento*) existing at the time the payment/transaction/granting of security interest was made;
- (k) acts of extraordinary administration and payment made after the Expert accepted its appointment are subject to claw-back actions pursuant to article 165 and Article 166 of the Italian Insolvency Code if the Expert has registered his/her dissent in the Companies' Register pursuant to Article 21, paragraph 4 of the Italian Insolvency Code or if the competent Court has denied its authorization pursuant to article 22 of the Italian Insolvency Code; and
- (l) payment and transactions made after the Expert accepted its appointment, which were consistent with the development of the negotiations and in the perspective of the recovery (*risanamento*) of the enterprise, or which have been authorized by the Court pursuant to article 22 of the Italian Insolvency Code, benefit of exemptions from the potential application of certain criminal sanctions.

Potential outcomes: Simplified composition with creditors proceeding for the liquidation of assets (concordato semplificato per la liquidazione del patrimonio)

Article 25-sexies of the Italian Insolvency Code introduces a simplified court-supervised composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*).

If, in its Final Report, in the context of a *composizione negoziata*, the Expert states that the negotiations have been conducted according to fairness and good faith and that the options provided under article 23,

paragraphs 1 and 2, letters (a) and (b), of the Italian Insolvency Code are not feasible, within 60 days following the notification of the Final Report the entrepreneur may file to the competent court where the entrepreneur has its center of main interests a petition for admission to the concordato semplificato per la liquidazione del patrimonio, together with a liquidation plan and the documents listed under article 39 of the Italian Insolvency Code. The petition for concordato semplificato per la liquidazione del patrimonio is then published in the Companies' Register within the day following the filing with the court. From the date of such publication, the effects provided under articles 6, 46, 94 and 96 of the Italian Insolvency Code are produced. The proposal may provide for the division of the creditors into different classes and article 84 para. 5 of the Insolvency Code shall apply.

Within the above-mentioned deadline, the debtor may file a petition under article 40 of the Italian Insolvency Code, also reserving to subsequently file the plan and proposal (anche con riserva di deposito della proposta e del piano). Protective Measures might be requested also in the context of this proceeding.

Following the filing of such application, the court (i) appoints a so-called "auxiliary" (ausiliario) to, inter alia, express an opinion on the entrepreneur's proposal; (ii) orders that the proposal, together with the opinion of the auxiliary, the Final Report of the Expert and an opinion of the Expert with specific reference to the likely outcomes of the liquidation and the security interests offered by the debtor, be delivered by the debtor to the creditors appearing on the list filed by the debtor itself; and (iii) sets the date of the hearing for the court sanctioning (omologazione). Creditors and any third party which has any interests are entitled to object to the court sanctioning (omologazione) within ten days before the date fixed for the hearing.

The court issues a decree sanctioning (omologa) the concordato semplificato per la liquidazione del patrimonio when it finds that (i) the proceeding has been carried out in accordance with relevant laws and regulations and the adversarial principle among the parties (contraddittorio); (ii) the proposal is compliant with preemption rights (cause di prelazione) and the liquidation plan is feasible, and (iii) the proposal does not cause a prejudice to the creditors compared to what they would receive in case of insolvent liquidation of the entrepreneur (liquidazione giudiziale or liquidazione controllata, as applicable), and in any case ensures that each creditor receives a certain recovery. With the sanctioning decree, the court also appoints a liquidator.

The parties may file an objection (reclamo) to the abovementioned decree within 30 days after having been notified of the same.

Pursuant to article 25-septies of the Italian Insolvency Code, the liquidation plan may also include an offer by a pre-identified third party to purchase the business or one or more branches of the business or specific assets, even before sanctioning (omologazione): in this case, the liquidator or the auxiliary, as applicable, having verified the absence of better solutions on the market, may implement the offer.

Out-of-court reorganization plans (piani attestati di risanamento) pursuant to article 56 of the Italian Insolvency Code

Out-of-court debt restructuring agreements are based on restructuring plans (piani attestati di risanamento) addressed to the creditors and prepared by debtors who are either insolvent or in a state of crisis, in order to restructure their indebtedness and to ensure the recovery of their balance sheet, economic and financial condition. An independent expert appointed directly by the debtor included in the list of the insolvency practitioners (gestori della crisi e insolvenza delle imprese) and enrolled in the Register of Auditors and Accounting Experts (Registro dei Revisori Contabili) must verify (attestare) the truthfulness of the business data (veridicità dei dati aziendali) provided by the company and the economic feasibility (fattibilità economica) of the restructuring plan. There is no need to obtain court approval to appoint the independent expert. The independent expert must possess certain specific independence requisites and meet the requirements set forth by article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

Out-of-court reorganization plans and the relevant debt restructuring arrangements are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or other supervising authority. Also, out-of-court debt restructuring arrangements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these plans are freely negotiable, provided they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. However, the possibility to adopt such tools to liquidate the debtor is disputed, as it is argued they shall provide for the restructuring of the debtor's indebtedness and the rebalancing its financial condition on a going concern basis. Unlike judicial restructuring tools, Out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Insolvency Code provides that, should these plans fail, and the debtor be declared insolvent, the payments and/or acts carried out, and/or security interest granted on the debtor's assets for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to any claw-back action (*azione revocatoria*), including the claw-back action provided for pursuant to article 2901 of the Italian Civil Code, as provided for pursuant to article 166, paragraph 3, letter d) of the Italian Insolvency Code; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register of the plan, the report by the independent expert and the arrangements is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of judicial restructuring tools. Since the Out-of-court reorganization plan (or the agreements entered into to implement it) is not subject to any court approval or judicial review, it cannot be excluded that the abovementioned exemption effects will be challenged in the event of subsequent judicial liquidation, if the competent court were to assess that the reorganization plan was not feasible at the time it was certified by the independent expert. Furthermore, exemptions above do not apply in case of willful misconduct and gross negligence of the independent expert or the debtor, when the relevant creditor was aware thereof at the time of the transaction.

Italian Insolvency Code sets forth specific rules regarding out-of-court reorganization plans and the relevant restructuring arrangements entered into with creditors, which must be followed for the plans and agreements to grant protection against claw-back actions and potential civil and criminal responsibilities. More in detail, Out-of-court debt restructuring plans pursuant to article 56 of the Italian Insolvency Code must be supported by adequate documentation representing the financial and commercial situation of the debtor and which also needs to indicate, among others, the causes of the crisis and the new resources which will be made available to the debtor and the industrial plan, with analytic indication of envisaged profits and losses, financial budget and relevant funding sources, with specific regard to those necessary to ensure compliance with labour safety rules and environment protection. Moreover, they must be suitable for the purpose of assuring the restructuring of the indebtedness of the debtor and rebalancing its financial position and, in case of its failure and subsequent challenge (*impugnazione*) before an Italian court, it must not be deemed as being unreasonable.

Certain common rules applicable to judicial restructuring tools

a) unitary proceedings and protective and interim measures

Certain common rules apply to restructuring tools to be commenced by filing a petition with the competent court pursuant to article 40 and ff. of the Italian Insolvency Code. Such restructuring tools (better described below) include mainly debt restructuring agreements (*accordi di ristrutturazione dei debiti*), restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione* or PRO) and composition with creditors (*concordato preventivo*).

With respect to the above restructuring tools (hereinafter "judicial restructuring tools"), and after the filing of the relevant petition - together with the documentation listed in article 39 of the Italian Insolvency Code,

or pursuant to article 44 of the Italian Insolvency Code (see below) - the unitary proceedings set forth in article 41 et seq. of the Italian Insolvency Code (procedimento unitario per l'accesso agli strumenti di regolazione della crisi e dell'insolvenza e alla liquidazione giudiziale) is applicable. The petition is subject to publication in the Company Register within the following day after the relevant filing and shall be notified also to the Public Prosecutor. The relevant steps of the unitary proceedings may vary depending on the different judicial restructuring tool but they entail, de minimis, the involvement of the court to sanction the restructuring tool sanctioning by way of a specific judgment (sentenza di omologa).

Judicial restructuring tools may also feature the application of Protective Measures (misure protettive) and Interim Measures (misure cautelari), with the content described above, which may be requested with the petition (including pre-petition pursuant to article 44 of the Italian Insolvency Code) or at a later stage, and also during the negotiations preceding the filing of a debt restructuring agreement, subject to certain specific conditions.

Protective Measures must be confirmed by the relevant court. However, the date of publication of the relevant petition in the Companies' Registry, there is a general stay under which it is prohibited for the generality of creditors to commence or continue the enforcement and the conservative actions (or, in any event, to take any initiatives prohibited under the relevant Measures), together with other protective effects including suspension of statute of limitation period and forfeitures' effects and a stay of any petition for the opening of judicial liquidation (liquidazione giudiziale) or declaration of insolvency.

Other specific effects of Protective Measures may vary depending on the specific judicial restructuring tool selected, according to articles 46, 64, 64-bis, 89 e 94-bis of the Italian Insolvency Code. Such effects may include neutralization of ipso facto clauses in executory contracts and prohibition to discontinue or modify key executory contracts (contratti essenziali) with detriment of the entrepreneur.

Upon request of the entrepreneur the competent court may also grant Interim Measures (misure cautelari) aimed at ensuring interim effects consistent with the implementation of the relevant judicial restructuring tool.

Protective Measures and Interim Measures are ordinarily granted for a maximum period of four (4) months, which may be extended by the court, upon request of the debtor or the creditors, prior obtainment of the judicial commissioner report (if any) to a maximum period of twelve (12) months, also taking into account any Protective or Interim Measures granted in the context of composizione negoziata (see above Composizione negoziata per la soluzione della crisi d'impresa pursuant to the Italian Insolvency Code).

b) preliminary petition pursuant to article 44 of the Italian Insolvency Code

The petition to access a judicial restructuring tool may be preceded by the filing of a preliminary and simplified petition pursuant to article 44 of the Italian Insolvency Code. The debtor company may file such petition, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court (a) between 30 and 60 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension (giustificati motivi) supported by the drafting of a draft restructuring project. If the court accepts such preliminary petition, it, among other things: (i) appoints a judicial commissioner (commissario giudiziale) with the task to report to the court about any conduct of the debtor which is fraudulent or detrimental for the creditors, that may cause the court to reject the petition and (ii) set forth reporting and information duties of the company during the abovementioned period. As mentioned above, filing the simplified petition, the debtor may request the application of Measures.

According to article 44, paragraph 1-bis, pending the above-mentioned deadline, the debtor can carry out both activities of ordinary management and urgent activities of extraordinary management provided that, in the latter case, it has been duly and priorly authorized by the court. In case acts of extraordinary management are carried out lacking the court's authorization, they are ineffective and the court will revoke

the granting of the deadline/term. All the third-party claims which may arise from acts legally performed by the debtor after the filing will be deemed super-senior (*prededucibili*). Pending the term/deadline granted by the court, the rules governing the loss and reduction of share capital set forth under Italian Civil Code do not apply and the company-dissolution cause for loss or reduction of the corporate capital does not apply as well. Nevertheless, during the period preceding the filing of the preliminary petition, article 2486 of the Italian Civil Code – providing for the powers and duties of the directors after the occurrence of an event of dissolution of the company – will be applicable.

Within the deadline set by the court the debtor may submit, alternatively, one of the judicial restructuring tools among debt restructuring agreement, PRO or concordato preventivo.

Non-compliance with the relevant requirements may result in the preliminary petition's dismissal and, subject to the relevant requirements, commencement of judicial liquidation.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to article 57 of the Italian Insolvency Code and ff.

Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*) provided for pursuant to article 57 et seq. of the Italian Insolvency Code allows the debtor, which must be a commercial entrepreneur and not qualify as a “small enterprise” (*impresa minore*, as defined above), facing a crisis or insolvency situation, to enter into an agreement with creditors holding at least 60% of the outstanding indebtedness, to be sanctioned (*omologato*) by the competent court. An independent expert (as described above) appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare and that the agreement is feasible and, particularly, that it ensures that the indebtedness vis-à-vis non-participating creditors can be fully satisfied within the following terms in a 120-day term from: (i) the date of sanctioning (*omologazione*) of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Pursuant to article 57 of the Italian Insolvency Code, only a debtor who is insolvent or facing a state of crisis (as described above) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the Companies' Register and becomes effective as of the day of its publication. Creditors and other interested parties may challenge the agreement within 30 days from the publication of the agreement in the Companies' Register. After having settled with the opposition (if any), the court will sanction (*omologare*) the agreement by issuing a judgment (*sentenza*), which can be appealed within 30 days of its publication pursuant to article 51 of the Italian Insolvency Code.

The Italian Insolvency Code does not expressly provide for any indications concerning the purposes of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the debtor or a third party carrying out the business, or the sale of the business, and may contain refinancing agreements, moratoria, write offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed settlement for the partial or deferred payment of certain taxes and/or social contributions, provided that certain specific requirements are met (as set forth under article 63 of the Italian Insolvency Code). If the plan provides for the implementation of a merger, demerger or transformation, article 116 of the Italian Insolvency Code shall apply. A single petition for homologation under article 57 et seq. of the Italian Insolvency Code can be filed by more companies belonging to the same group having their center of main interests in Italy, subject to certain requirements being met. In case of a group petition, debtor companies can make a single application also for “*transazione fiscale e previdenziale*” to Tax Authorities/Social Security Authorities under the Italian Insolvency Code (in accordance with the requirements provided thereunder).

Article 58, paragraph 1 of the Italian Insolvency Code sets the rule applicable when substantial amendments are made to the plan. More precisely, in the event of substantial amendments to the plan before its sanctioning (*omologa*), the report issued by the expert and the consent to the debt restructuring agreement expressed by creditors shall be renewed. The report shall also be renewed in the event of substantial amendment to the agreement. In the event that substantial amendments to the plan are required after sanctioning (*omologa*), the debtor shall make such amendments that are appropriate to ensure the implementation of the agreements, by requesting to the independent expert the renewal of the report (*attestazione*). In this case, the renewed report, together with the amended restructuring plan, shall be published in the Companies' Register, giving notice to the creditors by registered letter or by certified email (PEC). The creditors may file an objection (*opposizione*) to the abovementioned amendments within 30 days after having been notified of the same.

General features of debt restructuring agreements

No dispossession of debtor occurs in respect of a debt restructuring agreement, but the court may appoint a judicial commissioner to oversee the proceedings and must do so in case petitions for the opening of judicial liquidation are pending, when it is necessary for the protection of the parties who filed such petitions. It is a court-supervised procedure, which can take from a few months up to more than a year (the duration of the proceedings is generally influenced by challenges). Creditors entering into the debt restructuring agreement are not required to receive the same treatment (i.e., they are free to reject the proposal and to protect their interests otherwise) and no cram-down is applicable to third-party non-adhering creditors, who shall be fully re-paid within 120 days from validation (*omologa*) of the debt restructuring agreement (if the claims are already due and payable at such date) or within 120 days from the respective maturity date if such creditors' claims are not yet due as of the validation date of such debt restructuring agreement as per respectively article 57, paragraph 3 letters a) and b), save for certain specific cram-down provisions/mechanisms applicable in relation to Tax Authorities/Social Security Authorities subject matter of a settlement proposal (*transazione fiscale e previdenziale*) pursuant to – and in accordance with – the provisions set forth under article 63 of the Italian Insolvency Code.

By virtue of article 59 of the Italian Insolvency Code, article 1239 of the Italian Civil Code applies to the creditors that have adhered to the debt restructuring agreements so the discharge of the debtor under the agreement entails the release of the guarantors. On the other hand, non-participating creditors maintain their claims towards (i) those who are jointly and severally liable with the debtor, (ii) the debtor's guarantors and (iii) debtors by way of right of recourse (*regresso*). Unless agreed otherwise, debt restructuring agreements produce effect towards the shareholders who are jointly liable with non-limited liability companies, without prejudice to their obligations as guarantors (if any) unless the agreement provides otherwise.

After the publication of the petition in the Company Register creditors and other interested parties may file an opposition to sanctioning (*omologazione*) within the following thirty (30) days. In case of opposition, the court will schedule a specific hearing for the party to discuss the case. At such hearing, the court decides upon any opposition and if assesses that the conditions for the sanctioning (*omologazione*) are met, issues the sanctioning judgment (*sentenza di omologa*), otherwise the petition is rejected and, upon request of the subjects having the relevant standing (i.e. the debtor itself, the creditors, the supervisory bodies of the debtor and the Public Prosecutor (see below Judicial liquidation (*liquidazione giudiziale*) section) may declare the debtor insolvent and declare the opening of the judicial liquidation (*liquidazione giudiziale*) or other applicable insolvency proceedings.

Debt restructuring agreements with special regulations

a) Facilitated debt restructuring agreements (accordi di ristrutturazione agevolati)

Article 60 of the Italian Insolvency Code provides for the so-called facilitated debt restructuring agreements (*accordi di ristrutturazione agevolati*). Such agreements are a particular kind of debt restructuring

agreements which may be entered into with creditors representing 30% of the total indebtedness (instead of the 60% generally required) provided that the debtor: (i) has waived the standstill on the payment of non-consenting creditors (usually provided for by law, for a period of 120 days from the court sanctioning (omologazione) of the agreement or from the maturity date of the relevant obligations, in “ordinary” restructuring agreements); and (ii) has not previously requested to the court the granting of Protective Measures on the its assets under article 54 of the Italian Insolvency Code.

b) Debt restructuring agreements with extended effects (accordi di ristrutturazione ad efficacia estesa)

Pursuant to the article 61 of the Italian Insolvency Code, debtors are entitled to enter into debt restructuring agreement by obtaining the approval of creditors representing at least 75% of the credits belonging to the same category (with respect to the homogeneity of their status and economic interests) and can request the court to declare that agreement binding on the non-adhering creditors belonging to the same category (so called “cram down”).

More in detail, debt restructuring agreements with extended effects (accordi di ristrutturazione ad efficacia estesa) provided pursuant to article 61 of the Italian Insolvency can be applied to any category of creditors, provided that, inter alia: (i) all the creditors belonging to the same category have been informed of the start of the negotiations and have been able to participate in them in good faith and have received complete and up-to-date information on the debtor’s assets, economic and financial situation as well as on the restructuring agreement and its effects; (ii) the agreement provides for the continuation of the business activity either directly or indirectly pursuant to article 84 of the Italian Insolvency Code; (iii) the claims of the consenting creditors belonging to a same category represent at least 75% of all the claims belonging to the same category, being understood that a creditor may hold claims in more than one category; (iv) the non-adhering creditors belonging to the same category to which the effects of the agreement are extended can be satisfied under the agreement for an amount not lower than the amount they would receive had the judicial liquidation been opened at the date of the petition; and (v) the debtor has notified the agreement, the application for court sanctioning (omologazione) and the documents attached thereto to the creditors to be crammed down. The percentage of 75% is lowered to 60% if the achievement of the agreement is reported to in the Final Report issued by the Expert at the end of the negotiations pertaining to the composizione negoziata per la soluzione della crisi d’impresa or if the request for homologation is filed within 60 days of the notification of the Expert’s Final Report.

Moreover, pursuant to the new article 61, paragraph 5, of the Italian Insolvency Code, a special provision is set forth for debtors whose financial indebtedness is at least 50% of their total indebtedness: in this situation the debt restructuring agreement may identify one or more categories of creditors which are banks and financial intermediaries (and/or, in case of credit assignment and/or transfer, their assignees or transferees) which have a homogeneous legal position and economic interests and extend the effects of the agreement to non-participating creditors who are part of the same category. In such instance, the agreement is valid even if it does not contemplate the direct or indirect continuation of the business activity as a going concern. However, in such case the rights of creditors who are not banks or financial intermediaries (or their assignees or transferees) remain valid.

In any event, a debt restructuring agreements with extended effects cannot impose on the non-adhering creditors the performance of new obligations, including the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities. Continuation of already existing financial leasing contracts is not considered a new obligation.

Standstill agreement (convenzione di moratoria) pursuant to article 62 of Italian Insolvency Code

Article 62 of the Italian Insolvency Code provides for a the possibility for the debtor to enter into a standstill agreement (convenzione di moratoria) with creditors representing 75% of the same category, with binding effects also to the non-participating creditors, provided that (A) an independent expert has been appointed and certifies (i) the truthfulness of the business data, (ii) the attitude of the standstill agreement to

temporarily regulate the effects of the crisis and (iii) that the non-adhering creditors are not worse off compared to what they would have received had the judicial liquidation been opened at the date of the standstill and (B) certain further conditions are met (e.g., all the creditors belonging to the relevant category have been duly noticed of the beginning of the negotiations, have been made able to participate in the negotiations and have received complete and up-to-date information on the debtor's assets, economic and financial situation and on the agreement and its related effects). Non-adhering crammed-down creditors can challenge the standstill agreement in court within 30 days after having been notified of the same.

In any event, the standstill agreement cannot impose on the non-adhering creditors the performance of new obligations, including the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities. Continuation of already existing financial leasing contracts is not considered a new obligation.

Restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione or PRO)

Articles 64-bis et seq. of the Italian Insolvency Code allows the debtor, which must be a commercial entrepreneur and not qualify as small enterprise ("impresa minore"), facing crisis or insolvency, to submit to its creditors a restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione, hereinafter also "**PRO**") on a going concern basis and aimed at distributing among them the relevant plan's proceeds. Creditors must be divided into classes (with homogeneous legal status and economic interests) and there is no requirement to comply with the distribution rules of other insolvency proceedings (ordine delle cause legittime di prelazione), but the proposal must be approved by unanimous consent of the classes. In any event, employees' claims must be satisfied entirely, with monetary payment, by thirty (30) days after the homologation.

The plan may also envisage the settlement of Tax Authorities/Social Security Authorities credits pursuant to the terms and conditions set forth under article 64-bis, paragraph 1-bis of the Italian Insolvency Code.

Application for sanctioning (omologazione) of PRO by the court is governed by the unitary proceedings applicable to judicial restructuring tool (see above under section Certain common rules applicable to judicial restructuring tools) and certain rules typical of composition with creditors (concordato preventivo), set forth under article 64-bis, paragraph 9, of the Italian Insolvency Code, are applicable thereto. The court is required to run a preliminary judgement of admissibility in order to assess, inter alia, the correctness of the class formation criteria. The entrepreneur maintains the ordinary and extraordinary management of the company in the prevailing interest of the creditors under the supervision of a judicial commissioner appointed by the court.

The debtor is, in any case, allowed to amend the application at any time, formulating the proposal of composition (concordato preventivo).

If the plan provides (also before homologation) for the transfer of a business unit (or one or more business units), the debtor may ask the court to authorize such transfer without application of the effects of article 2560 para. 2 of the Italian Civil Code (but without prejudice to article 2112 of the Italian Civil Code). In such event, the Tribunal shall assess – inter alia – that the transfer is functional to the business continuity and the best satisfaction for creditors, as well as compliance with the principle of competitiveness in the selection of the buyer.

The court will sanction the PRO in the event of approval by all classes. In each class, the proposal is approved if a majority of the claims allowed to vote is reached or, failing that, if two-thirds of the claims of the voting creditors have voted in favor, provided that creditors holding at least half of the total claims of the same class have voted.

If a dissenting creditor objects to the proposal, the court will approve and homologate the PRO if the proposal grants to such creditor a recovery not lower than that obtainable had the judicial liquidation been opened at the date of the entry-petition.

Against the judgment of the court ruling on the approval (homologation) of the PRO, the parties may file an appeal with the competent court of appeal within the term of 30 days from the notification of the relevant judgement of the court, pursuant to article 51 of the Italian Insolvency Code.

Court supervised composition with creditors (concordato preventivo)

a) general overview

A debtor, which must be a commercial entrepreneur and not qualify as a “small enterprise” (impresa minore, as defined above) facing crisis or insolvency, has the option to make a composition proposal to its creditors (so called “concordato preventivo” or composition with creditors), under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of judicial liquidation.

The relevant application to commence the concordato preventivo is governed by the unitary proceedings applicable to judicial restructuring tool (see above under section Certain common rules applicable to judicial restructuring tools).

More in detail, the debtor, which is the only subject having standing to commence the proceedings, shall file the application with the competent court (to be identified pursuant to article 27 of the Italian Insolvency Code) together with a specific set of documentation, including, among others, a restructuring plan containing an analytic description of manner and timing of the fulfillment of the proposal and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company. From the date of such publication to the date on which the court sanctions the concordato preventivo, preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the concordato preventivo is published in the company's register are ineffective against such pre-existing creditors. Upon request of the entrepreneur in the entry – petition or in a subsequent petition, Protective Measures are applicable (see above under section Certain common rules applicable to judicial restructuring tools) and, as a result, from the date of publication of the petition in the companies' registry, it may be prohibited for the creditors to commence or continue any enforcement or precautionary actions (or, in any event, to take any initiatives prohibited under the relevant Measures) on the assets of the entrepreneurs or any asset used in the business. As already described above, and also with reference to debt restructuring agreements, at any time pending the proceedings, the debtor may request to be granted Interim Measures or other Measures, which can also be requested pursuant to article 44 of the Italian Insolvency Code, together with a pre-petition for the access to one of the restructuring tools provided for by the Italian Insolvency Code.

The composition proposal filed in connection with the petition may provide for the satisfaction of the creditors through a restructuring plan (i) on a going concern basis (concordato con continuità aziendale), (ii) with liquidation of the assets, including through piecemeal liquidation (concordato liquidatorio), (iii) with transfer of the assets to a third party (concordato con assuntore) or in any other manner, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities). In any event, the recovery granted to the creditors, under the relevant restructuring plan, shall not be less than that obtainable in the judicial liquidation (liquidazione giudiziale).

Class formation is applicable and is mandatory in the cases provided for under the article 85 of the Italian Insolvency Code.

In particular, classes shall be formed in relation to creditors for tax or mandatory social security contributions when not repaid in full, creditors secured by third-party guarantors, creditors satisfied (wholly or partially) with non-monetary compensation, creditors submitting competing concordato proposals and relevant related parties. In concordato on a going concern basis (see below), a specific class shall be formed also for creditors with supply receivables which, in the previous financial year, have not exceeded at least two of the following requirements: (i) assets of up to five million Euro; (ii) net sales and service revenues of up to ten million Euro; and (iii) an average number of employees equal to fifty.

In case of class formation, each class shall be composed by creditors having homogeneous legal positions and economic interests and differentiated treatments among different classes are allowed. Subject to certain exceptions, the division in classes shall not affect the distribution rules according to the mandatory ranking of priorities set forth in the Italian Civil Code and in the Italian Insolvency Code (*ordine delle cause legittime di prelazione*).

The composition proposal may also contain a proposed settlement for the partial or deferred payment of certain taxes and social or insurance mandatory contributions managed by public creditors, in compliance with the requirements set forth under article 88 of the Italian Insolvency Code, which also provides for a specific cram-down mechanism in case the relevant public creditor does not adhere (or vote against) the plan.

The plan may also provide for the implementation of corporate extraordinary transactions such as mergers, demergers and transformations, subject to the requirements and regulations set forth in article 116 of the Insolvency Code.

The restructuring plan may include a deferral of payments (or moratorium) due to secured creditors, unless when the plan envisages the disposal of the relevant collateral. With respect to employees' claims secured by lien under article 2751-bis, n. 1 of the Italian Civil Code, the deferral or moratorium cannot exceed 6 months from the homologation. The deferral or moratorium of payments may allow secured creditors to exercise voting rights under article 109 of the Italian Insolvency Code (see below).

b) key features of the proposal of concordato preventivo (on a going concern basis or with liquidation purpose) and competitive proposals

When the restructuring plan is with liquidation purpose (concordato liquidatorio) certain specific thresholds of minimum recovery / contributions of new funds apply. Namely, it must be ensured that (i) external resources are contributed to the plan which increase the assets available at the time of the filing by at least 10% and (ii) the unsecured creditors (including by effect of demotion) are paid in a percentage not lower than 20% of their total claims. The proceeds of the plan shall be distributed mainly according to the mandatory ranking of priorities (absolute priority rule), pursuant to article 2740 and 2741 of the Italian Civil Code, exception made for external resources whose distribution may derogate to the above, to the extent that the 20% threshold of minimum recovery for unsecured creditors is complied with. Resources contributed are considered as "external", *inter alia*, when provided for any reason by the debtor's shareholders without obligation of repayment or subordination, and provided for the sole benefit of the creditors. In any event, pursuant to article 84, para. 5, of the Italian Insolvency Code, it is not mandatory to offer full recovery to secured creditors, provided that they receive, at least, the amounts they would have received in case of liquidation of the relevant collateral, net of expenses.

The restructuring plan is on a going concern basis (concordato con continuità aziendale), when it envisages either (i) the continuation of the business by the debtor as going concern (*continuità diretta*) or (ii) the transfer of the business as a going concern to one or more third party (*continuità indiretta*). According to Article 84, paragraph 3 of the Italian Insolvency Code, the plan is considered with business continuity also if it includes disposal of assets, provided that the recovery of the creditors depends, at least in part, from the proceeds created by the going concern, regardless they are prevalent to the proceeds of disposals.

When the restructuring plan is with business continuity, it must fully describe the costs and revenues that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. Furthermore, in concordato with business continuity class formation is always mandatory.

Furthermore, the distribution of the proceeds under the plan is subject to specific rules; namely (i) up to the so called “**liquidation value**” - i.e. such value that would be available for creditors in the scenario of judicial liquidation (liquidazione giudiziale), including any upside deriving from the disposal of the business as a going concern and from lawsuits which can be brought in such scenario, net of relevant costs, pursuant to article 87 of the Italian Insolvency Code – any distributions to creditors shall comply with the **absolute priority rule** according to articles 2740 and 2741 of the Italian Insolvency Code, while (ii) any value exceeding the liquidation value may be distributed according to **relative priority rule**, along which it is sufficient that creditors with equal ranking receive equal treatment and a better treatment than any junior creditors; however (iii) employees’ claims, pursuant to article 2751-bis, n. 1 of the Italian Civile Code, shall be satisfied in compliance with absolute priority rule both out of the liquidation value and the exceeding value and (iv) external resources, as described above, may be freely distributed. In any event, each creditor shall receive a specific economic benefit (utilità specificamente individuata) including by way of continuation of contractual relationships with the debtor or its successors.

In case of business continuity, the independent expert’s report must also certify that the plan is aimed at avoiding or overcoming the insolvency of the debtor, ensuring the viability of the business and that no creditor is worsened by the plan compared with the judicial liquidation scenario.

After the filing of the debtor proposal and until 30 days prior to creditors voting on debtor’s plan, creditors holding at least 5% of the total indebtedness of the debtor (excluding intercompany receivables) may submit a competing concordato proposal (proposta concorrente), provided that: (a) the competing proponent is not a related party of the debtor and (b) the debtor’s proposal offers a recovery lower than 30% of the total amount of unsecured creditors (20% applies if concordato preventivo has been preceded by composizione negoziata) as certified by the independent expert.

c) procedural aspects

c.1) opening of the procedure and debtor in possession

If the court determines that the composition proposal is admissible, it appoints a judge (giudice delegato) to supervise the procedure, appoints one or more judicial officers (commissari giudiziali) and schedules a specific period of time during which creditors can express their vote. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business).

More in detail, from the filing of the petition and to the date on which the court sanctions the concordato preventivo (omologa), the debtor is entitled to operate within the ordinary course of its business, while extraordinary transactions require the prior approval of the court. The entrepreneur may be also authorized by the court to pay pre-filing claims relating to the purchase of goods or services, if an independent expert certifies that they are essential for business continuity and to ensure the best satisfaction of creditors.

Any act, payment or security executed or created after the filing of the concordato preventivo application and in accordance with its rules and procedures is exempt from claw-back action. The debtor is also exempt from certain bankruptcy crimes provided under articles 322, third paragraph (“preferential bankruptcy”), and 323 (“simple bankruptcy”) of the Italian Insolvency Code, in relation to acts and payments made in execution of the Composition with Creditors and/or in relation to finance provided under article 99 of the Italian Insolvency Code upon judicial authorization. Claims arising from acts lawfully carried out by

the debtor according to the above mentioned rule have super-senior priority (prededucibilità) in the event of a subsequent judicial liquidation(see “Statutory priorities” below).

For details regarding super senior financing, please refer to the paragraph relating to debt restructuring agreements.

c.2) executory contracts

As a general rule, the access to composition with creditors does not trigger any automatic discontinuation of the executory contracts, notwithstanding they include any ipso facto clause, but specific requirements are applicable for continuation of contracts with public administration, pursuant to article 95 of the Italian Insolvency Code. The debtor may be also authorized by the court to suspend or terminate specific executory contracts which are not consistent with the restructuring plan pursuant to the specific conditions set forth under article 97 of the Italian Insolvency Code. If Protective Measures have been granted, the affected creditors may not discontinue the key executory contracts on the grounds of pre-petition breaches pursuant to article 94-bis of the Italian Insolvency Code.

c.3.) transfer of assets and competing offers

As a general rule, pending the composition with creditors, any transfer or rent of the business, of business units and of specific assets, provided that has been previously authorized by the court as transaction exceeding the ordinary course of business, shall be implemented through competitive procedures, on the basis of specific appraisals and with the support of adequate advertising. Furthermore, when the restructuring plan includes an offer by a pre-identified offeror (so called “pre-packed offer”) for the purchase or rent of the business, a business unit or specific assets, the relevant transfer or rent cannot be implemented prior than the following steps are complied with: (i) the offer shall be adequately advertised in order to collect competing offers; (ii) if one or more letters of interest is received, the Court shall start a competitive procedure for the submission of irrevocable offers; in case more favorable offers are submitted, an auction shall be run to select the winner. If the winner differs from the original pre-identified offeror, the latter is freed from any obligation towards the company and indemnified of the costs sustained (up to a maximum cap of 3% of the offered price); (iii) if no competitive offers are submitted in the procedure, the original offeror remains bound to its initial offer.

c.4) approval procedure

The concordato preventivo is voted on within the period of time scheduled by the court.

Voting procedures are different depending on the type of composition with creditors.

When the restructuring plan is with liquidation purpose (concordato liquidatorio) the plan must be approved with the favorable vote of the creditors representing the majority of the receivables admitted to vote.

In case one creditor holds more than the majority of receivables admitted to voting, it is also necessary to reach majority of creditors by headcount i.e. by creditors (maggioranza per teste).

In the event that the plan provides for the division of creditors into classes, the majority of the receivables admitted to vote, included in each class, shall be reached also in the majority of the classes.

The concordato preventivo is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting right will be deemed not to approve the concordato preventivo proposal.

In relation to voting by the holders of the Notes in the concordato proceedings, the interactions between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies are largely untested in the Italian courts (recent case law has however affirmed the

right of noteholders whose vote may be tainted by conflict of interest as could be the case of disenfranchised noteholders to be computed for the purposes of relevant quora and be admitted to vote, albeit in a specific class).

Secured creditors satisfied in full under the proposal of concordato preventivo are not entitled to vote, unless and to the extent that they waive their security interests, in which case they can vote only in respect of the part of their debt affected by the proposal. If the proposal provides for the partial satisfaction of secured creditors, the latter are considered unsecured for the demoted part of their claims.

Among others, (i) the companies controlling the debtor, controlled by the debtor and those under the control of the entity controlling the debtor, (ii) the assignees of the claims of the entities under point (i), if the assignment has been perfected during the year preceding the concordato and (iii) creditors in conflict of interest are excluded from voting and not included in the relevant quorum. The creditor submitting a competing proposal, its subsidiaries, the company which controls such creditor and the other companies subject to the same control of such creditor, are admitted to vote only if included in a separate class.

If an objection to sanctioning (omologazione) of the concordato preventivo is filed (a) by 20% of the creditors admitted to vote or, (b) in case there are different classes of creditors, by a creditor belonging to a non-adhering class, on the grounds that the proposal is not economically beneficial, the court may nevertheless sanction the concordato preventivo if it deems that the relevant objecting creditors are will be satisfied to a greater extent as a result of the concordato preventivo than they would have been in case a judicial liquidation had been commenced as at the date of the filing of the concordato petition.

Pursuant to article 109, paragraph 5, of the Italian Insolvency Code, when the composition with creditors is on a going-concern basis (concordato con continuità), certain specific rules apply. Indeed, the relevant proposal must be approved by all classes of creditors. In each class, the proposal is approved if the majority of the claims allowed to vote is reached or, failing that, if two-thirds of the claims of the voting creditors have voted favorably, provided that creditors holding at least half of the total claims of the class have voted.

Secured creditors are not admitted to vote if they receive full monetary satisfaction of their claims within 180 days from the approval of the composition with creditors, provided that the relevant in – rem security interests which secure their claims (pledge or mortgage) remain in place during the implementation of the plan and until the disposal of the relevant assets underlying such collaterals, for the purpose of repaying the relevant secured claims. As regards employees' claims secured by lien under article 2751-bis, n. 1 of the Italian Civil Code the applicable term for the purposes above is reduced from 180 days to 30 days. If the conditions above are not complied with the relevant creditors vote and, for the demoted part of their claims, are included in a separate class.

Pursuant to article 112 of Italian Insolvency Code, the composition with creditors on a going concern basis (concordato con continuità) can be sanctioned (omologato), notwithstanding the dissent of certain classes, upon request of the debtor (or, in case of a competing concordato proposal, with the consent of the debtor which does not exceed any of the thresholds set forth in article 85, paragraph 3 of the Insolvency Code) if the following conditions are jointly met (so called cross-class cram-down): (i) the liquidation value (as defined under article 87, paragraph 1, letter c) of the Italian Insolvency Code) is distributed in accordance with the ranking of each claim (absolute priority rule); (ii) the value (arising from the going concern) exceeding the liquidation value is distributed in such a way that the claims included in the dissenting classes receive a treatment at least equal to that of the classes of the same ranking and more favorable than that of the classes of lower ranking (relative priority rule); (iii) no creditor receives more than the amount of its claim and (iv) the proposal is approved by the majority of the classes, provided that at least one of them consists of secured creditors or, failing such majority approval, the proposal is approved by at least no. 1 (one) class of creditors meeting both the following requirements: (a) creditors included in such class(es) are offered an amount which is lower than the amount of their claims, and (b) such creditors

would be satisfied in whole or in part if the “absolute priority rule” was applied also to the value exceeding the liquidation value.

In the composition with creditors on a going concern basis (*concordato con continuità*), if an objection to sanctioning (*omologa*) is filed by any dissenting creditor on the grounds that the proposal is not economically beneficial the court may nevertheless sanction the *concordato preventivo* if, according to the proposal and the plan, the relevant objecting creditor results to be satisfied to an extent not lesser than the liquidation value (as defined under article 87, paragraph 1, letter c) of the Italian Insolvency Code). In case of objection the court orders the estimate of the going concern of the debtor only if the objection is presented on the grounds (a) of the lack of economic expediency of the plan or (b) of the violation of the cross-class cram-down rules.

If a *concordato* competing proposal (*proposta concorrente*) has been filed by one or more creditors, they will be subject to the vote by creditors as well. The winning proposal is the one obtaining the highest majority of positive votes and, in the event of a tie, the debtor's proposal prevails against a creditor's, while a creditor's proposal will prevail over the one of another creditor if it has been filed before. In the event that none of the proposals achieves the required number of votes as described above, the judge shall re-submit to vote the proposal which obtained the highest majority. Without prejudice to the above, according to article 109, para. 5-bis of the Insolvency Code, when one or more competing *concordato* proposals have been filed and more than one *concordato* proposals (provided that they are based on different plans) has been approved by creditors, the proposal on a going concern basis (*continuità aziendale*) is presented for homologation. In case more proposals on a going concern basis (*continuità aziendale*) have been approved by creditors, the proposal which has obtained the highest majority of unsecured creditors admitted to vote is presented for sanctioning (*omologazione*).

If the composition with creditors is approved, terms and conditions of payments and performance are amended according to the *concordato* proposal's provisions and the debtor may return to its usual operations. A sanctioned *concordato preventivo* is compulsory for all pre-petition creditors (i.e creditors with receivables have arisen prior to the publication of the entry-petition in the companies' register). However, creditors' rights against co-debtors and guarantors of the debtor are not affected.

Pursuant to article 111 of the Italian Insolvency Code, if the creditors do not approve the *concordato preventivo* with the required majorities and without prejudice to cross-class cram-down mechanism, if requested or consented by the debtor, as applicable, the deputy judge (*giudice delegato*) shall inform the court which, subject to the occurrence of the relevant conditions, declares the opening of judicial liquidation.

c.5) Implementation of the plan

If the composition with creditors provides for the liquidation of the debtor's assets, the court (i) appoints one or more liquidators and a credit committee including 3 to 5 creditors, in order to assist in the liquidation and (ii) set forth the relevant liquidation rules.

The Court might appoint one or more liquidators (and a creditors' committee) also upon homologation of a *concordato in continuità*, if the relevant underlying plan provides for the liquidation of a portion of the assets or the transfer of the business unit (*azienda*) and the relevant buyer has not yet been identified.

The court may grant special powers to the commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

Exclusively in case of composition with creditors with going concern, it is possible to amend (after the homologation) the content of the plan if so necessary to implement the proposal to creditors, subject to compliance with the requirements and conditions set forth under article 118-bis of the Insolvency Code and as well as subject to specific court-ruling/proceeding provided thereunder.

c.6) Termination and annulment

In case of non-minor breaches, the concordato may be terminated by each of the creditors or the judicial commissioner (in case of petition by one or more of the creditors). The relevant lawsuit must be brought within one year from the deadline originally scheduled for the last activity to be carried out under the concordato itself. The concordato may also be annulled upon request of the judicial commissioner or of one or more creditors in case a portion of the assets of the debtor has been concealed or the liabilities have been willfully exaggerated. The relevant lawsuit must be brought within six months from the discovery of the concealment/exaggeration and, in any event, within two years from the deadline originally scheduled for the last activity to be carried out under the concordato itself.

Pursuant to article 118 bis of the Italian Insolvency Code, the plan underlying a sanctioned composition with creditors on a going concern basis (concordato preventivo in continuità) may be amended (after the sanctioning) if so necessary to implement the proposal to creditors, subject to compliance with the requirements and conditions set forth thereby, and as well as subject to specific Court-ruling/proceeding provided thereunder.

Available financing forms under the Italian Insolvency Code

The enactment of the Italian Insolvency Code did not change the main features of the previous legal framework set out in the Italian Bankruptcy Law. The aim at preserving the value of the company as a going concern and maximizing creditor's repayment are the main goals both of the previous legal framework and the Italian Insolvency Code.

However, the new provisions under the Italian Insolvency Code remove some uncertainties and clarifies some debated issues.

In addition, the provisions under the Italian Bankruptcy Law focused mainly on the perspective of creditors already having claims against the company to avoid that the expectations of recovery of such claims were reduced due to the potential considerable increase in super senior (prededucibili) claims and, to this extent, granted a preeminent role to the independent expert together with the court authorization procedures. Unlike the former legal framework, the new provisions of the Italian Insolvency Code focus more on preserving the business value of the distressed company as a going concern by strengthening the key role of the financing of the debtor in the context of the relevant proceedings.

The provision of article 99 of the Italian Insolvency Code applies to both debt restructuring agreement and to the court-supervised compositions with creditors (concordato preventivo) and to (ii) restructuring plans subject to homologation pursuant to the reference included in article 64-bis para. 9 of the Italian Insolvency Code as they are compatible (in quanto compatibili).

Please find below a brief summary of the main features of the provisions concerning different available financings under the Insolvency Code. The provisions under article 99, 101 and 102 of the Italian Insolvency Code apply to concordato preventivo as well as to (i) debt-restructuring agreements (accordi di ristrutturazione dei debiti) pursuant to the reference in article 57, paragraph 4-bis, of the Insolvency Code and to (ii) restructuring plans subject to homologation pursuant to the reference included in article 64-bis para. 9 of the Italian Insolvency Code (as they are compatible (in quanto compatibili)).

Interim financing - Article 99 Paragraphs 1 to 4 of the Italian Insolvency Code

Pursuant to article 99, paragraphs 1 and 2, of the Italian Insolvency Code, in the context of restructuring transactions on a going concern basis, also in cases in which business continuity is maintained exclusively in a view of liquidation, the court, pending the sanctioning (omologazione) of the debt restructuring agreement pursuant to article 57 et seq. of the Italian Insolvency Code or a petition (in relation to the court-supervised composition with creditors procedure) or a petition for a restructuring plan subject to homologation (given the reference included in article 64 bis para.9 of the Italian Insolvency Code) may authorize the debtor, if so expressly requested to incur in new super senior indebtedness and to secure such indebtedness, subject to the court's authorization with in rem security (garanzie reali), or by assigning

claims, provided that: (i) the petition specifies (A) the purpose of the financing; (B) that the debtor is unable to otherwise obtain the required funds and (C) that the absence of such financing will entail an imminent and irreparable prejudice to the going concern or to the proceedings; and (ii) the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (omologazione), declares that the new financing are functional to the continuity of the business activities until the sanctioning (omologa) of the relevant insolvency proceedings or to the opening of the proceedings or to conduct them and, in any case, are aimed at providing a better satisfaction of the rights of the creditors. The expert report is not necessary in case the court recognizes that there is the urgent need to avoid an imminent and irreparable prejudice to the going concern. In the event of the subsequent admission of the debtor to the judicial liquidation proceeding (liquidazione giudiziale), the aforementioned financings do not enjoy the super senior priority status (prededucibilità) in case the petition or the expert report contain false data or omit important information or in case the debtor performed acts in fraud of the creditors (atti in frode ai creditori) and the judicial receiver proves that who made available such financings to the debtor, had knowledge of such circumstances at the date of the disbursement.

Bridge Financings - Article 99 Paragraph 5 of the Italian Insolvency Code

Pursuant to article 99, paragraph 5, of the Italian Insolvency Code, financings (together with the related claims) granted, in any form, in view of (i.e., before) presentation of a petition for the sanctioning (omologazione) of a debt restructuring agreement, a restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione) or a court-supervised composition with creditors (concordato preventivo) (finanza ponte), may be granted such priority status provided that (i) they meet the requirements of article 99, paragraphs 1 and 2 (described above), and (ii) it is envisaged by the relevant plan or agreement and that such priority status is expressly provided for by the court at the time of approval of the plan or sanctioning (omologazione) of the debt restructuring agreement (accordi di ristrutturazione dei debiti), the approval of the concordato preventivo, or the sanctioning of the restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione). The indebtedness under such financing option may be secured, subject to the court's authorization, with in rem security (garanzie reali), or by assigning claims.

Implementation financing - Article 101 of the Italian Insolvency Code

In restructuring transactions on a going concern basis, pursuant to article 101 of the Italian Insolvency Code, any financing granted to the debtor pursuant to a debt restructuring agreement or restructuring plan subject to homologation (or a court-supervised pre-judicial liquidation composition with creditors) sanctioned by the competent court and expressly provided for in the relevant plan, enjoy super senior priority status (prededucibilità) in case of subsequent judicial liquidation, save for the below (such status also applies to financing granted by shareholders, but only up to 80% of such financing, unless the lender has become a shareholder of the debtor as implementation of the debt restructuring agreement or of the supervised pre-bankruptcy composition with creditors, as in such case the priority status is afforded to 100% of the financing) according with the provisions set forth in article 221 of Italian Insolvency Code. In the event of the subsequent admission of the debtor to the judicial liquidation proceeding (liquidazione giudiziale), the aforementioned financings do not enjoy the super senior priority status (prededucibilità) in case the composition plan or the debt restructuring agreement, on the basis of an assessment to be made at the time of the relevant filing, results to be based upon false data or omission of relevant information or in case the debtor performed acts in fraud of the creditors (atti in frode ai creditori) and the judicial receiver proves that who made available such financings to the debtor, had knowledge of such circumstances at the date of the disbursement.

The shareholders' financing – Article 102 of the Italian Insolvency Code

Pursuant to article 102, paragraph 1 of the Italian Insolvency Code super senior ranking status also applies to any financings made available by shareholders in any form (including any guarantee facility or granting counter-indemnities) up to 80% of their amount.

Paragraph 2 of article 102 of the Italian Insolvency Code clarifies that, to the extent the financing is made available by an entity becoming a shareholder in the context of and by way of implementation of a composition with creditors, debt restructuring agreement or the restructuring plan subject to homologation, all the claims deriving from such financings benefit of super senior ranking status and the 80% threshold limitation set out in Paragraph 1 does not apply.

Super senior ranking - Article 99 Paragraph 6 and 101 paragraph 2 of the Italian Insolvency Code

Super senior ranking (prededucibilità) of the claims is the most relevant feature of bridge financings, interim financings and implementation financings as described in the paragraphs above.

Pursuant to article 6, para. 1, of the Italian Insolvency Code, the claims deriving from such financings are expressly qualified as super senior by law and by article 6, para. 2, of the Italian Insolvency Code which clarifies that their super senior ranking natures continues in the context of opening of the concursus (concorso) among creditors and remains even when subsequent proceedings are opened and follow (including in a judicial liquidation or any so-called minor proceedings).

As already explained above, super senior ranking nature of such financings will be excluded in case of acts of fraud (which may be relevant also in the context of debt restructuring agreements).

Such limit to super senior ranking is regulated differently for interim financings and bridge financings on the one side and for the implementation financings on the other side.

More specifically, for interim financings or bridge financings false data or omission of relevant information are relevant when found by the court in the request for the incurrence of the financings or the report of the independent expert, while for implementation financings such elements are relevant when on included in plan underlying the composition with creditors or the debt restructuring agreement.

With reference to interim financings and bridge financings, article 99 paragraph 6 of the Italian Insolvency Code provides that, in case of the opening of a judicial liquidation, such financings (although authorized by the court thereunder) do not benefit from super senior ranking when it is proved (jointly) that:

- (a) the request or the independent expert report contains false data or omits relevant information, or when the debtor has committed acts to defraud creditors in order to obtain the authorization; and
- (b) the receiver proves that the entities who provided the financing, at the date of issuance, knew the aforementioned circumstances.

With reference to implementation financings, the relevant provisions are set out in article 101 paragraph 2 of the Italian Insolvency Code providing that such financings do not benefit from the super senior ranking, in case of the opening of a judicial liquidation (alternatively):

- (a) when, based on an assessment to be made at the time of filing of the petition for the opening of the proceeding, the underlying plan turns out to be based on false data or on the omission of relevant information; or
- (b) when the debtor has carried out acts of fraud towards its creditors and the receiver proves that the lenders providing the financings were aware of such circumstances at the time of the establishment of the financings.

Court-supervised composition for small debtors

The Italian Insolvency Code provides for a simplified court-supervised composition in case the debtor does not meet the dimensional requirements to access other restructuring tools.

Procedural steps and effects do essentially mimic those of the concordato preventivo, but it entails the involvement of the board for crisis settlement (*organismo di composizione della crisi*), which assists the debtor in preparing the paperwork and filing the petition, and performs the activities and duties which, in a concordato preventivo are prerogatives of the judicial commissioner.

Judicial liquidation (liquidazione giudiziale)

The judicial liquidation (*liquidazione giudiziale*) is a court-supervised procedure for the liquidation of an insolvent debtor's assets and for the distribution of the related proceeds. It results in the company's liquidation. Insolvency, as defined under article 2 of the Italian Insolvency Code, also evidenced by defaults and/or external elements, occurs when a debtor is no longer able to regularly meet its obligations as they come due.

The judicial liquidation is declared by the competent court and is applicable only to commercial debtors (*imprenditore commerciale*) if any of the following thresholds are met: the debtor (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness (including debts not yet due) in excess of €0.5 million. Pursuant to article 37 of the Italian Insolvency Code, the request to commence the judicial liquidation of the debtor's assets can be filed by (i) the debtor itself, (ii) the administrative bodies and authorities that have control and supervisory functions over the debtor, (iii) by one or more of the debtor's creditors and (iv) in certain cases, by the public prosecutor.

Upon the commencement of judicial liquidation proceedings, amongst other things:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances, secured creditors may enforce against the secured property as soon as their claims are admitted as secured claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the debtor's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the deputy judge (*giudice delegato*). After hearing the judicial receiver and the creditors' committee, the deputy judge decides whether to authorize the sale, and sets forth the timing in its decision;
- under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. In case the sale price is not high enough to determine a full satisfaction of their credits, any outstanding balance will be considered unsecured and rank *pari passu* with all of the debtor's other unsecured debt. Secured creditors may sell the secured asset only with the court authorization. After hearing the judicial receiver (*curatore*) and the creditors' committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;
- the payments of all debts and liabilities of the debtor and all the acts, transactions, payments made or received by the insolvent debtor are immediately suspended and formalities with third parties that have been carried out after the declaration of insolvency are not effective as regards the creditors of the debtor (article 145 of Italian Insolvency Code);
- the debtor is dispossessed, and the administration of the debtor and the management of its assets are transferred to the judicial receiver (*curatore*). The debtor may no longer validly act in court as claimant or defendant in relation to the assets (article 143 of the Italian Insolvency Code). The judicial receiver is vested with such powers upon the authorization of the deputy judge. However, all pending proceedings in

which the debtor is involved are automatically stayed from the date the adjudication is issued and need to be re-initiated by or against the judicial receiver;

- the beginning of the judicial liquidation involves the cessation of all the activities of the company with a view to a sale of all assets. However, continuation of business may be authorized by the court if the continuation of the company's business does not cause damage to creditors. If the competent court authorizes the continuation of the business (*esercizio provvisorio dell'impresa*), the management of the business is entrusted to the judicial receiver (who may in turn avail himself of qualified third parties for this purpose);
- certain payments made, security interests given or transactions entered into by the debtor in a certain period before the debtor's submission to a judicial liquidation procedure (varying from six months to two years) can be set aside and clawed back if certain conditions are met (provided for pursuant to articles 163, 164, 165 and 166 of the Italian Insolvency Code);
- any act (including payments, pledges, and issuance of guarantees) made by the debtor after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and
- the execution of certain contracts and/or transactions pending as of the date of the insolvency declaration is suspended until the receiver decides whether to take them over. Although the general rule is that the judicial receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for the Italian Insolvency Code.

In order to overcome the uncertainty that may predictably arise, the contractual counterparty may file a written petition requiring the court to give the judicial receiver (*curatore*) a deadline of no more than 60 days; within such deadline, the receiver must decide to enter into the agreement or withdraw from it. Upon expiration of the deadline without the judicial receiver having replied to the counterparty's request, the pending agreement is deemed terminated. Although the general rule is that the judicial receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by the Italian Insolvency Code.

Judicial liquidation proceedings are carried out and supervised by a court-appointed judicial receiver, a deputy judge (*giudice delegato*) and a creditors' committee (*comitato dei creditori*), which can, *inter alia*, propose amendments to the liquidation program proposed by the receiver. The judicial receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate property.

Furthermore, the parties of a judicial liquidation proceeding as well as any interested party, may file an appeal (*reclamo*) to the decree closing the judicial liquidation proceeding within 10 days after having been notified of the same.

Composition with creditors in judicial liquidation (concordato nella liquidazione giudiziale).

Pursuant to article 240 of the Italian Insolvency Code, judicial liquidation proceedings can terminate prior to the actual judicial liquidation (*liquidazione giudiziale*) of the debtor, through a proposal for a composition with creditors in judicial liquidation. By way of preliminary note, such agreement occurring in the context of a judicial liquidation proceeding (i) replaced the former proceeding defined as "*concordato fallimentare*", a composition with creditors agreement occurring in the context of a bankruptcy proceeding (*fallimento*) formerly provided for under article 124, paragraph 1 of the Italian Bankruptcy Law and (ii) should be kept distinct from the *concordato preventivo*, which is an independent insolvency proceeding. This particular composition with creditor agreement arrangement benefits in a certain way both the debtor as well as the

creditors, in fact while the former is released of the debts falling into the relevant plan also regaining free disposal of his assets, the latter is satisfied faster and to a greater extent than they would have been with the full completion of the judicial liquidation process pertaining to the debtor's assets.

The creditor, a third party or the debtor himself formulates a proposal having as its object a "plan" to satisfy creditors, including preferential creditors, in full or in part. In case the concordato nella liquidazione giudiziale is proposed by the debtor, such proposal, inter alia, (i) shall be filed after 1 year from the opening of the judicial liquidation proceeding and (ii) shall provide for the contribution by the debtor of resources that increase the value of the debtor's assets by at least 10%.

Such proposal shall be submitted to the competent judge, shall then be approved by the creditors and finally by the court. In case the court's decree sanctioning the concordato nella liquidazione giudiziale becomes final (definitivo), the court declares the judicial liquidation to be closed and terminated, initiating the enactment phase of the concordato nella liquidazione giudiziale. In the context of a concordato nella liquidazione giudiziale, the competent court supervises both the proposal and execution phases while the judicial receiver (curatore), once the liquidation is closed, loses his management functions and retains only supervisory duties over the fulfillment of the terms and the conditions of the arrangement obligations arising from or in connection with the aforementioned concordato nella liquidazione giudiziale.

Pursuant to article 240, paragraph 2 of the Italian Insolvency Code, the proposal may provide for:

(a) the division of creditors into classes, according to homogeneous legal position and economic interests.

(b) Under the relevant provision, such division is not mandatory but discretionary, provided two criteria for the class identification: (a) legal position, i.e., the nature of the claim, e.g., unsecured or preferential and (b) the homogeneous economic interests. In this respect, the Italian Insolvency Code requires for the criteria and rationale for the division into classes to be expressly stated in order to avoid the distorted use of class formation, put in place for the sole purpose of obtaining the approval of the abovementioned proposal;

(c) differential treatment between creditors belonging to different classes, indicating the reasons of such differences;

(d) the restructuring of the financial indebtedness of the debtor as well as the satisfaction of claims in any form possible, by way of example:

i. by assignment of assets;

ii. by assumption (accollo);

iii. by means of other extraordinary transactions, including the assignment to creditors (as well as to companies in which they have an interest), of shares, quotas or bonds, including those convertible into shares or other financial instruments and debt securities.

It should be noted that a special feature of the concordato nella liquidazione giudiziale is the option to provide that secured creditors may not be satisfied in full. However, it is necessary for the plan to provide for their satisfaction to a non-lesser extent than that the one which can be realized, by reason of preferential placement, from the relevant proceeds in the event of a judicial liquidation, having regard to the liquidation value attributable to the assets or rights over which the cause of pre-emption exists.

The concordato nella liquidazione giudiziale proposal must be approved by the creditors' committee and the creditors holding the simple majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in the majority of the classes). However, in the event of dissent by more than one creditor's class, a cram-down may occur (i.e. in case the court decides to sanction (omologare) the concordato - despite a creditor belonging to a dissenting class contests the appropriateness of the

proposal) if it finds that the claims can be satisfied by the concordato to a non-lessor extent than the practicable alternatives. Final court confirmation and sanctioning (omologazione) is also required.

Finally, once approved and sanctioned (omologato) by the court the concordato nella liquidazione giudiziale is mandatory:

- (i) for all existing creditors prior to the opening of the judicial liquidation proceeding; and
- (ii) for creditors who have not applied for the admission to the judicial liquidation estate, to whom the guarantees or the security interests given in the concordato nella liquidazione giudiziale by third parties do not extend.

With the termination of the judicial liquidation - as a consequence of the sanctioning decree (decreto di omologa), which pursuant to article 247 of the Italian Insolvency Code may be challenged and appealed within 30 days from its notification - the debtor returns "in bonis" and enjoys the renewed availability of its assets.

Statutory priorities. The statutory priority assigned to creditors under the Italian Insolvency Code may be different from the priorities in the U.S., the UK and certain other EU jurisdictions. The proceeds of liquidation shall be allocated according to the following order: (i) for payments of super-senior ("prededucibili") claims (i.e., claims originated in the insolvency proceeding, such as costs related to the procedure) as better identified in article 6 of the Italian Insolvency Code; (ii) for payment of claims which are privileged ("privilegiati"), such as claims of secured creditors or for payments of claims secured by mortgages ("creditori ipotecari") and/or pledges ("creditori pignoratizi"); and (iii) for the payment of unsecured ("chirografari") creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including, inter alia, a claim whose priority is legally acquired (i.e., repayment of rescue or interim financing) the claims for employee wages and professional fees and other privileged claims (i.e. having a specific title of preference in payment provided for by law) including claims of the Tax Authorities/Social Security Authorities, and. Under Italian law, the proceeds from the sale of the debtor's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian judicial liquidation estate to the extent they are inconsistent with the priorities provided by law). The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire debtor's estate or part thereof, or from a single asset.

In particular, pursuant to article 6 of the Italian Insolvency Code, in addition to claims expressly qualified as "prededucibili" under Italian law, among others, the following claims are "prededucibili":

- (i) claims relating to expenses and fees for services rendered in the exercise of its functions by the business crisis settlement body
- (ii) professional claims arising from or in connection with the filing of for a composition with creditors procedure as well as the filing of the related proposal and the plan accompanying it, within the limits of 75% of the ascertained claims and provided that the proceedings are opened pursuant to article 47 of the Italian Insolvency Code; and
- (iii) claims legally arisen in connection with insolvency proceedings, or after the filing of a petition for the access to a restructuring tools frameworks (strumenti di regolazione della crisi e dell'insolvenza) for the management of the debtor's assets and the continuation of the business of the company as well as arising from the professional services required by the related bodies or by the debtor for the successful implementation of a restructuring tools.

Avoidance powers in insolvency. A fundamental principle of the Italian Insolvency Code is the equal treatment of all creditors (“*par condicio creditorum*”), according to which, absent statutory priorities or security right, no creditor may be paid a higher percentage of his claim than other creditors. A consequence of this principle is not only that the payment of debts by the judicial receiver is strictly regulated, but also that all transactions effected by the debtor over the previous year (or, in certain cases, over the previous six months) are scrutinized and potentially unwound as preferential.

Similar to other jurisdictions, there are so-called “claw-back” or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of insolvency. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in judicial liquidation compared to the rules applicable in other jurisdictions.

In insolvency proceedings, depending on the circumstances, the Italian Insolvency Code provides for a claw-back period of up to two years (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions. In the context of extraordinary administration procedures (as described below), the claw-back period may last up to three or five years in certain circumstances. The Italian Insolvency Code distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the judicial receiver/court commissioner, as detailed below.

Acts ineffective by operation of law. Under (i) article 163 of the Italian Insolvency Code, subject to certain limited exception, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the debtor after the filing to the relevant court followed by the opening of the judicial liquidation procedure or within the two years preceding the opening of such insolvency proceeding. Any asset subject to a transaction which is ineffective pursuant to article 163 of the Italian Insolvency Code becomes part of the liquidation estate by operation of law upon registration (*trascrizione*) of the court’s decision opening the insolvency proceeding, without needing to wait for the ineffectiveness of the transaction to be sanctioned by a court. Any interested person may challenge the registration before the deputy judge as a violation of law, and (ii) under article 164 of the Italian Insolvency Code, (A) payments of receivables falling due on the day of the judicial declaration of opening of the judicial liquidation or later, if they were executed by the debtor after the filing of the application followed by the opening of the liquidation proceeding or in the prior two-year period; and (B) payments made by the debtor with respect to any intercompany loan within one year prior to a judicial liquidation declaration (or after the filing of the application followed by the opening of the liquidation proceeding), are ineffective vis-à-vis creditors.

Acts that may be avoided at the request of the judicial receiver/court commissioner. The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-à-vis the debtor as provided for by article 166 of the Italian Insolvency Code and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor’s insolvency at the time the transaction was entered into:

- (i) onerous transactions carried out after the filing followed by the opening of the judicial liquidation proceeding or in the previous year, where the value of the debt or the obligations undertaken by the debtor exceeds 25% of the value of the consideration received by and/or promised to the debtor;
- (ii) payments of debts, due and payable, made by the debtor which were not paid in cash or by other customary means of payment which were carried out after the filing followed by the opening of the judicial liquidation proceeding or in the previous year;
- (iii) pledges and mortgages granted by the debtor after the filing followed by the opening of the judicial liquidation proceeding or in the year prior, in order to secure pre-existing debts which were not yet due at the time the new security was granted; and

(iv) pledges and mortgages granted by the debtor after the filing followed by the opening of the judicial liquidation proceeding or in the six months prior in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

Furthermore, payments of debts that are immediately due and payable and any onerous transactions and/or granting of priority rights/security interests for debts simultaneously created (event those of third parties) may be clawed back (revocati) and declared ineffective, if the judicial receiver proves that the other party knew of the debtor's state of insolvency and if made by the debtor after the filing of the petition followed by the opening of the judicial liquidation or during the prior six months. The following transactions are exempt from claw-back actions:

(i) payments for goods or services made in the ordinary course of business according to market practice;

(ii) a remittance on a bank account; provided that it does not materially and permanently reduce the entity's debt towards the bank;

(iii) the sale, including an agreement for sale registered pursuant to article 2645-bis of the Italian Civil Code, in force as the date of this Offering Memorandum, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

(iv) transactions entered into, payments made or guarantees granted with respect to the debtor's goods, provided that they concern the implementation of a piano attestato di risanamento (see "Out-of-court reorganization plans" (piani attestati di risanamento) pursuant to articles 56 or 284 of the Italian Insolvency Code above). The exemption – which also operates for ordinary claw-back – does not apply in case of wilful misconduct (dolo) or gross negligence (colpa grave) by the third-party expert (attestatore) or by the debtor, provided that the creditor was aware of it at the moment when the relevant transaction, payment or guarantee was implemented. Such exemption operates also with respect to the ordinary claw-back action provided for by the Italian Civil Code;

(v) a transaction entered into, payment made or guarantee or security interests granted in the context of a court supervised composition with creditors (concordato preventivo), of a simplified composition with creditors proceeding (concordato semplificato per la liquidazione del patrimonio), of a restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione) provided for pursuant to article 64-bis of the Italian Insolvency Code or of sanctioned debt restructuring agreements (accordi di ristrutturazione dei debiti omologati) and/or transactions entered into, payments made and security interests legitimately granted by the debtor after the filing of the application for a composition with creditors or a debt-restructuring agreements (see above). Such exemption operates also with respect to the ordinary claw-back action provided for by the Italian Civil Code;

(vi) remuneration payments to the entity's employees and consultants concerning work carried out by them; and

(vii) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to a pre-judicial liquidation restructuring framework ("strumenti di regolazione della crisi e dell'insolvenza della società") or to other insolvency procedures provided for pursuant to the Italian Insolvency Code.

Pursuant to article 170 of the Italian Insolvency Code, the limitation period for initiating claw-back action proceedings is three years from the opening of the judicial liquidation procedure or, if earlier, five years from the act or transaction to be clawed back. In case judicial liquidation is commenced after the filing of a

petition to be admitted to any insolvency proceedings (including pursuant to article 44 of the Italian Insolvency Code), according to article 170, paragraph 2 of the Italian Insolvency Code, the suspect period is calculated backward from the date in which such petition is filed. In addition, in certain cases, the judicial receiver can request that certain transactions of the debtor be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. In this respect, under article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the debtor was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the debtor for the purpose of prejudicing the creditors) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). The burden of proof is entirely with the receiver.

The Italian Insolvency Code provides special regimes on preferences and avoidances of intra-group transactions. Under article 290 of the Italian Insolvency Code the hardening periods for intra-group claw-back actions (i.e. referring to acts and transactions entered into by companies belonging to the same group) is extended (a) in the hypothesis of article 166, paragraph 1, of the Italian Insolvency Code (respectively up to two years for transactions sub lett. (a) and (b) and up to one year for transaction sub lett. (c) and (d) of the same article) and (b) to five years from the filing for judicial liquidation declaration in case of transactions having the effect to transfer resources in favour of another entity of the group to the detriment of the creditors.

Law 132/2015 also introduced new article 2929-bis to the Italian Civil Code, providing for a "simplified" claw-back action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (e.g., gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale* or "family trust"). In case of gratuitous transfers, enforcement action can also be brought by the creditor against the third-party purchaser. Finally, as noted above, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the EU.

Adequate organizational, administrative and accounting corporate structures. One of the main novelties included in the Italian Insolvency Code concerns the definition of the organizational, administrative and accounting structures of a company which are deemed to be adequate under article 2086 of the Italian Civil Code, required by the applicable regulations for the purpose of timely detection of the state of crisis and the undertaking of suitable initiatives by the debtor. Article 3 of the Italian Insolvency Code requires the entrepreneur to adopt an appropriate organizational structure in accordance with article 2086 of the Italian Civil Code, for the purpose of timely detection of the crisis of the company as well as the timely undertaking of suitable initiatives to overcome the crisis and recover business continuity. However, neither the aforementioned article 3, in its current wording, nor article 2086 of the Italian Civil Code, as amended by the Italian Insolvency Code, contains a precise description of the parameters, conditions and characteristics that are deemed to be necessary/needed for the definition and especially for the identification of "adequate structures".

In this regard, article 3 of the Italian Insolvency Code precisely enunciates, on the one hand, the purposes to which the measures and structures must aim in order to be considered as adequate for the timely detection of the crisis and, on the other hand, the relevant warning signs in relation to the same. In this respect, it is stipulated that, for the purpose of the timely detection of the company's state of crisis, the measures and structures deemed to be adequate should make it possible to:

- (i) detect any imbalances of an equity or economic-financial nature, related to the specific characteristics of the company as well as to the business activity carried out by the debtor;
- (ii) verify the non-sustainability of debts and the absence of prospects for business continuity for the next twelve months as well as the warning signs identified by article 3, paragraph 4 of the Italian Insolvency Code; and
- (iii) derive the information necessary to follow the detailed checklist and conduct the practical test for the reasonable pursuit of the debtor's financial recovery.

For the sake of completeness and as set out above, it should also be noted that article 3, paragraph 4 of the Italian Insolvency Code provides an exact indication of the warning signs, identified, inter alia, as follows:

- (i) the existence of payroll debts overdue for at least 30 days equal to more than half of the total monthly payroll amount;
- (ii) the existence of receivables owed to suppliers that are at least 90 days past due in an amount greater than the amount of receivables that are not past due;
- (iii) the existence of exposures to banks and other financial intermediaries that have been past due for more than 60 days or have exceeded the limit of credit facilities obtained in any form for at least 60 days provided that they represent in the aggregate at least 5% of the total exposures; and
- (iv) the existence of one or more exposures to certain public institutions listed under article 25-novies of the Italian Insolvency Code.

Extraordinary administration for large insolvent companies (nuova disciplina dell'amministrazione straordinaria delle grandi imprese in stato di insolvenza) under the Decree 270

Decree 270 introduced a specific extraordinary administration proceeding for large industrial and commercial enterprises, otherwise known as the "Prodi-bis" Procedure. As a general rule (and save for certain specific and limited exceptions), to be eligible, companies must be insolvent although able to demonstrate serious recovery prospects, have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of the value of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for judicial liquidation proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity. Extraordinary administration procedures involve two main phases—a judicial phase and an administrative phase.

Judicial Phase. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submit(s) a report to the court (within 30 days) together with an opinion from the Italian Ministry of Business and of the Made in Italy (former Ministry of Economic Development, the "Ministry"). The court has 30 days to decide whether to admit the company to the procedure or place it into judicial liquidation .

Administrative Phase. If the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "Disposal Plan") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "Recovery Plan").

It may also include a composition with creditors (concordato). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s). In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

Once the extraordinary administration procedure has been approved, the principal effects are as follows:

- (i) the company continues to carry out its business and debts incurred during the extraordinary administration are treated as priority claims which rank ahead of the claims of creditors whose rights accrued prior to the commencement of the extraordinary administration procedure and may be paid as they fall due;
- (ii) the extraordinary commissioner(s) is/are entitled to terminate pending contracts to which the company is a party.

Furthermore, in the context of the Prodi-bis Procedure a debt-restructuring plan is approved exclusively by the Ministry but is not subject to any vote by creditors.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared insolvent.

Industrial restructuring of large insolvent companies (misure urgenti per la ristrutturazione industriale di grandi imprese in stato di insolvenza) under the Decree 347

Introduced in 2003 pursuant to Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the “Marzano procedure”. It is complementary to the Prodi-bis procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the Prodi-bis procedure. For example, although a company must be insolvent, application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure commences and at least €300 million of debt (including those from outstanding guarantees). Under Decree 347, as a general rule (and save for certain specific provisions applicable, as the case may be, to companies operating in the field of essential public services or operating at least one industrial plant of national strategic interest and/or having among their direct or indirect shareholders a public entity) decision whether to open a Marzano procedure is taken by the Ministry following the debtor’s request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company’s insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company insolvent and open judicial liquidation proceedings.

A restructuring plan proposed in the context of proceedings subject to Decree 347 may include a composition plan, with the possibility to divide creditors into classes, with different treatment applicable to creditors belonging to different classes and with proposals for a write-off of any obligations owed by the debtor and/or a conversion of debt securities (such as the Securities) into shares of the debtor company or any of its group companies. Decree 347 provides that a composition plan is approved by creditors according to the same majority voting rules as those which apply in the context of proceedings for composition with creditors. If the restructuring plan is not approved by the Minister of Economic

Development (now Minister of Business and of the Made in Italy), the extraordinary commissioner(s) may propose a plan for the disposal of the assets. If the asset disposal program is not approved, the company is to be placed into liquidation.

As a general consideration, please note that, pursuant to the claw-back rules applicable to extraordinary administration (i) the hardening period would be calculated with reference to the date of insolvency declaration; and (ii) as far as intercompany transactions only are concerned, longer hardening periods (i.e., 5 years or 3 years, depending on the kind of transactions) would be applicable.

Law Decree No. 4/2024 (as converted into Law no. 28/2024) amended article 2, para. 2 of the Decree 347 providing that in the cases of companies directly or indirectly owned by state public administrations (excluding those issuing shares listed on regulated stock exchanges) admission to the Marzano procedure of companies operating one or more industrial plants having a national strategic relevance may occur upon request of shareholders holding, individually or jointly, at least 30 per cent of the company's shares, provided that the shareholders have communicated to the managing body of the company that the requirements for the admission to the procedure are met and the managing body of the company has either failed to submit the application for the admission to the procedure within the subsequent 15 days or within the same 15 days' term refused to file the petition at hand. From the date of submission of the request by the shareholders, and until the closure of the Marzano procedure or until the Court's decision declaring the absence of the requirements for the opening of the procedure becomes final, the company cannot file the petition for the commencement of the *composizione negoziata per la soluzione della crisi di impresa* nor pursue any restructuring proceedings provided for by the Insolvency Code. If on the date of submission of the application for admission to the extraordinary administration procedure the petition for the appointment of the expert provided for the *composizione negoziata per la soluzione della crisi di impresa* is filed, the application is dismissed.

Compulsory administrative liquidation (liquidazione coatta amministrativa)

A compulsory administrative liquidation (*liquidazione coatta amministrativa*), provided for pursuant to article 293 et seq. of the Italian Insolvency Code, is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to judicial liquidation proceedings, save for a different indication under Italian law. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative liquidation is special insolvency proceedings in that the entity is liquidated not by the court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company by the relevant governmental authority (e.g., the Bank of Italy or the Ministry, which are competent for the filing of an application for a declaration of insolvency with the subsequent opening of the compulsory administrative liquidation proceeding). The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the deputy judge and the court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative liquidation on creditors is largely the same as under insolvency proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for insolvency proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative liquidation.

Common rules for pre-judicial liquidation restructuring frameworks (strumenti di regolazione della crisi e dell'insolvenza della società)

In order to facilitate access and filing of restructuring procedures by the Italian companies, articles 120-bis and ff. of the Italian Insolvency Code have been enacted, introducing a set of rules applicable to all pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*). Among other things, pursuant to article 120-bis, paragraph 2 of the Italian Insolvency Code and the purposes of a successful restructuring, the plan may provide for "any modification of the articles of association of the debtor company, including capital increases and reductions, including with limitation or exclusion of the option right and other modifications that directly affect the shareholders' participation rights, as well as for mergers, demergers and transformations". Shareholders, who may no longer have an interest in the company, are prevented from hindering the restructuring or even one of its stages. For this reason, pursuant to article 120-bis, paragraphs 3 and 4 of the Italian Insolvency Code, the shareholders, while retaining a right to information in relation to both the initiation and the progress of the restructuring process, may not remove the directors without just cause, as is the case for the statutory auditors of joint stock companies, also in light of the fact that under the provisions of the Italian Insolvency Code it is not considered as being just cause for directors' removal, the filing for access to the pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) when the related legal conditions and requirements are met. However, pursuant to article 120-bis, paragraph 5, shareholders representing at least 10% of the filing company's corporate capital may make a competing proposal.

The plan may provide for the formation of one class of shareholders or several classes if there are shareholders to whom different rights are granted by the by-laws, including as a result of the changes provided for in the plan. The formation of classes is, however, mandatory if the plan provides for changes that directly affect the shareholders' participation rights and, in any case, for large companies and companies with widespread capital. In this context, special conditions for sanctioning of the arrangement are set out pursuant to article 120-quater of the Italian Insolvency Code when and if the plan provides for shareholder attributions. Specific rules are then provided to ensure that creditors' interests are protected in all cases in which the restructuring tool envisages shareholders to retain a participation in the company with a certain value, which is determined in accordance with the applicable accounting principles for determining the value in use, based on the present value of future cash flows using the data resulting from the underlying restructuring plan and applying the projections for subsequent years.

Article 120-quinquies of the Italian Insolvency Code, regulates the execution phase of such measure. In order to avoid any obstructive attitude of the shareholders towards the approval of the restructuring tool, this provision expressly excludes the necessity for their approval and/or resolution on the implementation of such restructuring tool, by generally attributing the relevant powers to the directors or more specifically to the competent court, in relation to any amendment to the debtor's by-laws which - being specifically provided for by the plan - do not require any discretionary resolution. Finally, it is stipulated that changes in the corporate structure resulting from the implementation of a pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) shall not be considered as and constitute cause for the termination or amendment of any agreement entered into by the debtor with third parties.

Articles 284 et seq. of the Italian Insolvency Code contain specific rules regarding (i) the access of a group to one of the pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) aiming at unifying – to the extent possible – the relevant proceedings; (ii) liability lawsuits available to the receiver; and (iii) subordination of claims.

Hardening period/clawback and fraudulent transfer

In a judicial liquidation proceeding, the Italian Insolvency Code provides for a claw-back period of up to two years (six-months in certain circumstances). In addition, in certain cases, the judicial receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*).

Under Italian law, in the event that the relevant guarantor and/or security provider enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and any future security interests or guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor and/or security provider under the rules of avoidance or claw-back of (revocatoria) provided for pursuant to the Italian Insolvency Code and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified suspect period. The avoidance may relate to (i) transactions made by the debtor within the suspect period of one year prior to the opening of the judicial liquidation proceeding or occurred after the filing for the opening of the judicial liquidation, at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted during the suspect period of one year prior to the opening of the judicial liquidation proceeding or occurred after the filing for the opening of the judicial liquidation with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of one year prior to the opening of the judicial liquidation proceeding or occurred after the filing for the opening of the judicial liquidation receiver proves that the creditor was aware of the insolvency of the debtor. In case judicial liquidation is commenced after the filing of a petition to be admitted to any insolvency proceedings, according to article 170, paragraph 2 of the Italian Insolvency Code, the suspect period is calculated backward from the date in which such petition is filed. The transactions potentially subject to avoidance also include those contemplated by a the relevant Guarantee or the granting of security interests under any security documents by a guarantor and/or security provider.

If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant security documents (if any) may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or of the guarantee and may not be able to recover any amounts under the related security documents (if any) and/or the relevant Guarantees.

It should be noted that: (i) under article 163 of the Italian Insolvency Code, subject to certain limited exceptions, all transactions carried out by the debtor for no consideration are ineffective vis-à-vis creditors if entered into by the debtor after the filing to the relevant court followed by the opening of the judicial liquidation procedure or within the two years preceding the opening of such insolvency proceeding. Any asset subject to a transaction which is ineffective pursuant to article 163 of the Italian Insolvency Code becomes part of the liquidation estate by operation of law upon registration (*trascrizione*) of the court's decision opening the insolvency proceeding, without needing to wait for the ineffectiveness of the transaction to be sanctioned by a court. Any interested person may challenge the registration before the deputy judge as a violation of law, and (ii) under article 164 of the Italian Insolvency Code, (A) payments of receivables falling due on the day of the judicial declaration of opening of the judicial liquidation or later, if they were executed by the debtor after the filing of the application followed by the opening of the judicial liquidation proceedings insolvency declaration or in the prior two-year period; and (B) payments made by the debtor with respect to any intercompany loan within one year prior to a judicial liquidation declaration (or after the filing of the application followed by the opening of the liquidation proceeding), are ineffective vis-à-vis creditors.

In addition, as noted above, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

Poland

The obligations under a Guarantee granted by the Polish Guarantor are subject to limitations resulting from the application of the bankruptcy laws, as set out in the Polish Bankruptcy Act (*Prawo Upadłościowe*) of February 28, 2003 (Journal of Laws of 2020, item 1228, as amended) (the “Polish Bankruptcy Law”) and the restructuring laws, as set out in the Polish Restructuring Act (*Prawo Restrukturyzacyjne*) of May 15, 2015 (Journal of Laws of 2020, item 814, as amended) (the “**Polish Restructuring Law**”). Moreover, the obligations under a Guarantee granted by the Polish Guarantor are subject to limitations resulting from provisions regarding protection of share capital as further described under the heading “Other Issues Concerning the Limitations and Effectiveness of the Guarantee” below.

Insolvency and Insolvency Threat

If a Polish Guarantor’s COMI (about which see further the section “—*European Union*” above) is in Poland, then pursuant to Polish Bankruptcy Law and EU Insolvency Regulation, bankruptcy proceedings of the Polish Guarantor should be conducted before a Polish court. Consequently, in the event of the insolvency of such Polish Guarantor, insolvency proceedings would be governed by Polish law. Similarly, in the event of such Polish Guarantor insolvency or its threat, restructuring proceedings would also be subject to Polish law.

According to the Polish Bankruptcy Law, the Polish Guarantor will be declared bankrupt if it is insolvent. The Polish Guarantor as a debtor will be insolvent: (i) if it has lost its ability to fulfill its due pecuniary liabilities (*wymagalne zobowiązania pieniężne*) (cash flow test) (presumed to arise, if the delay in fulfilling pecuniary obligations exceeds three months), or (ii) its pecuniary liabilities (except for future liabilities and those to shareholders relating to loans and legal acts of similar effect, granted within five years before the declaration of bankruptcy) exceed the total value of its assets (except for assets not constituting the bankruptcy estate) and such situation persists for longer than 24 months (balance sheet test). It is presumed that the pecuniary liabilities of the debtor exceed its assets if, according to the balance sheet, its liabilities (except for reserves for liabilities and liabilities to affiliates) exceed the value of its assets and such situation persists beyond 24 months.

Despite meeting the balance sheet test by the Polish Guarantor, the Polish Bankruptcy Law allows the court dismissing an application for bankruptcy if there is no threat of losing ability by the Polish Guarantor to fulfill its due pecuniary liabilities in near future.

Each individual who has the right to represent the Polish Guarantor (whether individually or jointly) is obliged to file a motion to declare the Polish Guarantor bankrupt within 30 days from when the grounds for declaration of bankruptcy above are met.

Additionally, the Polish Guarantor’s personal creditors may file for bankruptcy of the Polish Guarantor.

According to the Polish Restructuring Law, restructuring proceedings may be opened in respect of the Polish Guarantor as debtor if it is insolvent or is threatened with insolvency, i.e., if its commercial position shows that it may become insolvent within a short period of time.

If the Polish Guarantor is insolvent or threatened with insolvency, it may file a restructuring motion. If the Polish Guarantor is insolvent, a restructuring motion to open remedial proceedings may be filed by the Polish Guarantor personal creditors.

If a motion for declaration of bankruptcy and motion for opening restructuring proceedings have both been filed, the court should first decide on the restructuring motion and hold the proceedings on the motion for

bankruptcy (unless putting them on hold would be against the interests of all creditors). The debtor cannot be declared bankrupt during restructuring proceedings.

Bankruptcy Proceedings

The principal aim of bankruptcy proceedings is the satisfaction of the creditors from the proceeds obtained from the sale of the debtor's assets (bankruptcy proceedings would result in dissolution of the debtor's company unless otherwise permitted by law). In the event of bankruptcy proceedings, the court appoints a bankruptcy receiver (*syndyk*) who takes over the management of the bankrupt's assets. From this moment on, the management of a debtor—bankrupt entity is replaced by the bankruptcy receiver who administers the bankrupt entity's assets and represents the bankrupt entity. The bankrupt entity's assets become bankruptcy assets which will be liquidated to pay off creditors. The composition of bankruptcy assets is determined during preparation of the inventory list and creditors' receivables list which are prepared by the bankruptcy receiver. A motion for approval of the terms of sale of the debtor's enterprise or its organized part, or substantial part of its assets, may be appended to the petition to commence bankruptcy proceedings (pre-packaged liquidation).

Upon the bankruptcy declaration all of the debtor's debts become due and payable and non-pecuniary debts are converted to pecuniary and become due and payable. Interest may be paid from the bankruptcy estate only for the period up to the date of the declaration of bankruptcy, unless they are secured by mortgages, pledges, registered pledges, treasury pledges and/or maritime mortgages, and satisfied from the security assets' proceeds.

The bankrupt's claim may be set off against a creditor's claim if both claims existed on the date of declaration of bankruptcy, regardless of whether the claims have not yet become due and payable. A set-off is not admissible if the bankrupt's debtor acquired the claim by assignment or endorsement after bankruptcy was declared or acquired it during the year preceding the date of declaration of bankruptcy, while being aware that there were grounds for declaring bankruptcy. However, this limitation does not apply (i) if the acquirer has become the bankrupt's creditor as a result of repaying the bankrupt's debt, for which it was liable personally or with certain property items, and if the acquirer was not aware of the existence of grounds for declaring bankruptcy at the time of assuming liability for the bankrupt's debt or (ii) if the liability was assumed at least one year before the date on which bankruptcy was declared. The set off is also not admissible if bankrupt's creditor became bankrupt's debtor after the date of declaration of bankruptcy. The sum proposed to be set off on the part of the bankrupt is the total of the bankrupt's claim and on the part of the creditor it is the creditor's principal claim only, along with interests accrued until the date of declaring bankruptcy. If the bankrupt's debt without interest had not become due and payable by the date of declaration of bankruptcy, the sum to be set-off is the amount due reduced by statutory interest (which may not exceed six percent) between the date of declaration of bankruptcy until the date of payment, and may not exceed two years. A creditor wishing to exercise the set-off right must make a statement in this respect not later than when submitting the claim.

Once bankruptcy is declared, the bankrupt entity's assets may not be subject to security, charged with a pledge, registry pledge or treasury pledge, and no entries in land and mortgage register or other registers may be made to establish any security interests, except for the entry of mortgage if the application of such entry had been filed at least six months prior to filing the motion for bankruptcy.

Provisions of an agreement to which the bankrupt company is a party which explicitly stipulate that the agreement is amended or terminated in the case its bankruptcy (or filing for it) are invalid. Also, provisions of an agreement to which the bankrupt company is a party that hinder or prevent the aims of the bankruptcy proceedings from being achieved will be deemed ineffective in relation to the bankruptcy estate. These specific provisions of Polish Bankruptcy Law are deemed to apply also to contracts that are subject to laws other than the laws of Poland, as long as said provisions of such contract would apply to an entity that is subject to bankruptcy proceedings under the Polish Bankruptcy Law.

If court proceedings against the bankrupt entity are pending on the day of the bankruptcy declaration in any common courts, then such proceedings are in some cases discontinued. In particular, unless separate statutory laws provide otherwise, proceedings initiated against the bankrupt before the date of declaration of bankruptcy concerning a claim which was submitted within the bankruptcy proceedings, may be continued only if such a claim has not been included in the list of claims (see below) once the list was finalized. If proceedings were pending in which the bankrupt entity was the plaintiff, the bankruptcy receiver replaces the bankrupt entity. If enforcement proceedings regarding the claims which may be filed within the bankruptcy proceedings were pending against the bankrupt entity on the day of bankruptcy declaration, they are suspended with effect from the date of the bankruptcy declaration and proceeds received, are transferred to the bankruptcy estate after the decision on the declaration of bankruptcy becomes final. If the arbitration proceedings were not commenced on the date of declaration of bankruptcy, the bankruptcy receiver may with the consent of the judge—commissioner renounce the arbitration clauses if the arbitration proceedings hinder the liquidation of the bankruptcy estate. If the bankruptcy receiver renounces the arbitration clause, it expires.

Creditors have a right to submit their claims within the time limit indicated in a decision declaring bankruptcy. Claims supported by evidence of claims are usually admitted, i.e., included in the list of claims. If a claim is not included in the list, then a creditor has a right to appeal. Under the Polish Bankruptcy Law, any debt payable in a currency other than Polish z'oty (such as euro), if being put on the list of claims, must be converted into Polish z'oty according to the National Bank of Poland's average exchange rate on the date the bankruptcy court issues a decision on the debtor's bankruptcy (and regardless of whether the debt has fallen due or not).

In the bankruptcy proceedings, creditors under the Guarantee will be satisfied from the proceeds obtained from the sale of the Polish Guarantor's assets if their claim under the Notes or the Guarantee is due and payable, otherwise the proceeds of that sale will be deposited in the court deposit in their favor and released once their claim under the Guarantee becomes due and payable and not satisfied.

As a rule, Polish Guarantor's debts are divided into four categories and creditors whose receivables are ranked in a lower category cannot be satisfied before all the debts in the higher category have been fully satisfied. The first category principally includes payments to the state or employees (remuneration, health benefit payments and social security obligations, etc.) or related to the restructuring proceedings (including arising under a credit facility, loan, bonds, guarantees or letters of credit, or other form of financing stated in the arrangement concluded in the restructuring proceedings and provided in connection with the arrangement's performance). Most unsecured commercial debts, tax and other public dues are listed in the second category. The third category encompasses interest on debts in the first and second categories (in the order in which the principal is satisfied), court or administrative penalties, donations etc. The fourth category concerns debts to direct and certain indirect shareholders relating to loans and legal acts of similar effect that were granted within five years prior to the declaration of bankruptcy including interest accrued thereon. Within each category, creditors' receivables are satisfied *pro rata* to the total value of receivables listed in that category. Before satisfying any claims, the bankruptcy receiver covers the costs of bankruptcy proceedings and the liabilities of the bankruptcy estate.

The Polish Bankruptcy Law does not require a bankruptcy receiver to give effect to intercreditor arrangements such as subordination agreements. Although the law does not preclude creditors from attempting to enforce such rights in separate proceedings based on their entitlements arising from respective contracts, such proceedings are conducted outside of and following bankruptcy proceedings. Therefore, the claims of all unsecured creditors may be paid on a *pari passu* basis in bankruptcy proceedings.

If an asset owned by the bankrupt entity (the Polish Guarantor) is encumbered with a mortgage, pledge, registry pledge, treasury pledge or a maritime mortgage, then a creditor has a right to be satisfied from that asset before other creditors (with a few exceptions such as, for instance, a certain portion of employee

salaries). Where an asset is encumbered by a number of mortgages and pledges, secured receivables are repaid according to their priority. The pledgee under the registered pledge or financial pledge may seize the pledged object if the relevant pledge agreement provides for such method of satisfaction of creditor's claim. However, seizure is not allowed if such object is the part of bankrupt's enterprise and the sale of such object with the rest of the enterprise is more beneficial than its separate sale.

In the course of the bankruptcy proceedings, an arrangement between the debtor and creditors can be voted on and approved by the creditors. In such case after the approval by the court, the provisions of the arrangement determine the manner of satisfaction of creditors' receivables. If the repayment of receivables arising under the Guarantee is covered by the arrangement, there is a possibility that such receivables may be decreased on the basis of a decision of the creditors (such decisions would be subject to certain mandatory rules of the Polish Bankruptcy Law).

A creditor who fails to satisfy his claim during bankruptcy proceedings may try to raise this claim directly against persons acting on behalf of the Polish Guarantor being a limited liability company. Pursuant to the Polish Commercial Partnerships and Companies Code (*Kodeks Spółek Handlowych*) of September 15, 2000 (Journal of Laws of 2020, item 1526, as amended) (the "Polish Commercial Companies Code") if enforcement against a company proves to be ineffective, members of the management board of a limited liability company shall be jointly and severally liable for the company's liabilities. A member of the management board may be discharged from liability referred to above if he proves that the bankruptcy petition was filed in a timely manner or in the appropriate time the decision on the opening of the restructuring proceedings or the approval of the arrangement in the approval arrangement proceedings were issued, or that a failure to file a bankruptcy petition occurred through no fault on his part or that despite the failure to file a bankruptcy petition or to issue the decision on the opening of the restructuring proceedings or the decision on the approval of the arrangement in the approval arrangement proceedings, the creditor suffered no additional damage.

Restructuring Proceedings

Restructuring proceedings essentially aim to avoid the debtor's bankruptcy through its debt restructuring under an arrangement with creditors and, in the event of remedial proceedings (*postępowanie sanacyjne*), also through remedial steps, while securing the justified rights of creditors.

Restructuring proceedings may be initiated by a debtor's motion if the debtor is insolvent or threatened with insolvency, or, in case of remedial proceedings also on debtor's personal creditor's motion, if the debtor is insolvent. The court will refuse to open restructuring proceedings, if they are detrimental to creditors, or, in case of arrangement proceedings (*postępowanie układowe*) and remedial proceedings if the debtor's ability to fund the costs of such proceedings and obligations arising after the date of opening of these proceedings cannot be substantiated.

The debtor may request the opening of one of the four following restructuring proceedings: (i) approval arrangement proceedings, (ii) accelerated arrangement proceedings; (iii) arrangement proceedings and (iv) remedial proceedings.

In the case of approval arrangement proceedings, the debtor solicits votes from creditors on a proposed arrangement without participation of the court. Once creditors have cast a sufficient number of votes, the debtor may apply to the court for approval of the arrangement. This type of proceedings is available when the sum of the disputed claims does not exceed 15% of the total claims.

Accelerated arrangement proceedings are designed to allow a debtor to conclude an arrangement with the creditors following the preparation of a list of creditors' receivables and its approval by a judge—commissioner in simplified proceedings. The procedure may be applied provided that the sum of disputed claims does not exceed 15% of the total claims. At the opening of accelerated arrangement proceedings, the debtor's assets constitute the arrangement estate. The arrangement estate is administered by the

debtor, unless the court decides that an administrator should be appointed (e.g. if the debtor fails to perform the instructions of the judge—commissioner or the court supervisor). From the opening of accelerated arrangement proceedings, the debtor or administrator (if appointed) cannot satisfy any creditors' receivable which is covered by the arrangement, by operation of law. The enforcement proceedings concerning the claims to be covered by the arrangement are stayed by the operation of law.

In arrangement proceedings, an arrangement may be concluded following the preparation of the list of creditors' receivables and its approval by a judge-commissioner in ordinary proceedings. This procedure may be used when the sum of the disputed claims exceeds 15% of the total claims. As in accelerated arrangement proceedings, the assets of the debtor form the arrangement estate, which is administered by the debtor or administrator (if appointed). The debtor, or administrator (if appointed) also may not satisfy any debt which is covered by the arrangement, by operation of law. The enforcement proceedings concerning the claims to be covered by the arrangement are also stayed by the operation of law.

Remedial proceedings allow a debtor to conclude an arrangement with creditors and undertake various remedial actions which aim to improve the economic situation of the debtor and restore the debtor's capacity to perform his obligations. At the opening of remedial proceedings, the debtor is deprived of its right to administer its assets (from the opening of proceedings they constitute the remedial estate) and the assets are administered by a court-appointed administrator (unless the court allows the debtor to retain the right to administer the remedial estate). The administrator can undertake a number of restructuring steps, including renouncing a not performed mutual agreement, or challenging the effectiveness of certain acts undertaken by the debtor before filing the motion to open remedial proceedings. Upon opening of the remedial proceedings, the debtor or administrator are legally prohibited from making payments to satisfy claims which are covered by the arrangement. The enforcement proceedings are also stayed by the operation of law.

The claim of the company which is subject to restructuring may be set off against a creditor's claim if both claims existed on the date of opening of restructuring proceedings (other than the approval arrangement proceedings). However, the set-off is not admissible if (i) the creditor became a debtor or the debtor after the opening of the restructuring proceedings or (ii) the debtor of the company subject to restructuring acquired the claim against the company subject to restructuring by assignment or endorsement after opening of the restructuring proceedings and such claim came into existence prior to the opening of the restructuring proceedings. This limitation does not apply (i) if the acquirer has become the creditor of company subject to restructuring as a result of repaying such company's debt, for which it was liable personally or with certain property items, and (ii) if the liability was assumed at least one year before the date of opening of the restructuring proceedings. Similarly, the set-off is not permissible if the creditor of the company subject to restructuring has become a debtor of such company after the opening of the restructuring proceedings. A creditor wishing to exercise the set-off right must make a statement within 30 days from opening of the restructuring proceedings and if the grounds for the set-off arose after that date, then within 30 days from arising of the ground for set off.

Once the accelerated arrangement proceedings, arrangement proceedings or remedial proceedings are opened, the entity's assets may not be encumbered with security, charged with a pledge, registry pledge or treasury pledge, and no entries in land and mortgage register or other registers may be made to establish any security interests, except for the entry of mortgage if the application of such entry had been filed at least six months prior to filing the motion for opening of the proceedings.

Additionally, provisions of an agreement, to which the debtor is a party, which explicitly stipulate that the agreement is amended or terminated in the case of opening restructuring proceedings (or filing for it) (except for approval arrangement proceedings) are invalid. Also, provisions of an agreement to which the debtor is a party that hinder or prevent the aims of the restructuring proceedings from being achieved will be deemed ineffective in relation to the arrangement or remedial estate (as applicable). These specific provisions of the Polish Restructuring Law are deemed to apply also to contracts that are subject to laws

other than the laws of Poland, as long as said provisions of such contract would apply to an entity that is subject to restructuring proceedings (other than approval arrangement proceedings) under the Polish Restructuring Law.

If the arrangement proceedings or accelerated arrangement proceedings are opened with respect to the Polish Guarantor, then certain actions in court proceedings against the Polish Guarantor will require court supervisor's consent. If enforcement proceedings regarding the receivables which are subject to arrangement were pending against the Polish Guarantor on the day of the opening of such restructuring proceedings, they are suspended with effect from the opening of such proceedings and proceeds received are transferred to the arrangement estate after the issuance of decision on opening of the restructuring proceedings. The creditor secured with a mortgage, pledge, registered pledge, treasury pledge and/or maritime mortgage can conduct the enforcement only with respect to the object of such property right. The court may also stay the enforcement of the claim which is not subject to the arrangement for the period of up to three months if such enforcement concerns the object which is necessary to run the Polish Guarantor's enterprise.

In the case of opening of the remedial proceedings against the Polish Guarantor, if proceedings were pending in which the Polish Guarantor was the plaintiff, the administrator replaces the Polish Guarantor. If enforcement proceedings regarding the receivables were pending against the Polish Guarantor on the day of opening of the remedial proceeding, they are suspended and proceeds received are transferred to the remedial estate after the issuance of decision on the opening of the remedial proceedings.

If creditors vote in favor of an arrangement, the arrangement is accepted and then approved by the court. The court's decision approving the arrangement may be appealed against. An approved arrangement is binding on (affects) all creditors, whose receivables are covered by the arrangement. Certain receivables are not covered (affected) by the arrangement. These include, among other things: (i) receivables secured with mortgages, pledges, registered pledges, treasury pledges and/or maritime mortgages, however only up to the value of the collateral (to the extent they can be satisfied from the security assets on which such security was established); a creditor whose claims are so secured may, however, consent to being subject to arrangement, (ii) receivables under derivative or repo transactions, and (iii) receivables under employment contracts.

The arrangement may also concern only certain types of receivables (partial arrangement). In such case, the arrangement is binding on (affects) all creditors who have receivables of such type. In a partial arrangement, there are several exceptions to the general rule that receivables secured by mortgages, pledges, registered pledges, treasury pledges and/or maritime mortgages are not covered by the arrangement, without the consent of the creditor, up to the value of the collateral. The consent of the creditor is not required, if the arrangement's initial proposals stipulate full satisfaction of the creditor within the timeframe specified in the arrangement, or if they stipulate satisfaction to an extent not less than may be expected from the collateral.

If the receivables arising under the Guarantee are covered by the arrangement, there is a possibility that such receivables may be decreased on the basis of a decision of the creditors (such decisions would be subject to certain mandatory rules of the Polish Restructuring Law).

A simplified restructuring proceeding is a hybrid of solutions provided for in other restructuring proceedings. It is for the most part extrajudicial and refers to the approval arrangement proceedings regulated in the Polish Restructuring Law, but with significant modifications. A simplified restructuring proceeding is opened automatically by publishing an announcement in the judicial and commercial journal "Monitor Sądowy i Gospodarczy," indicating the debtor's details, the arrangement date, and the arrangement supervisor. Before making an announcement, the debtor prepares and submits to the selected arrangement supervisor arrangement proposals, a list of claims, and a list of disputed claims. As in the approval arrangement proceedings, the debtor, with the help of a restructuring adviser, presents creditors with arrangement

proposals, collects their votes and, only at the end, applies to the court for approval of the arrangement, which has already been voted on. A creditors' meeting to vote on the arrangement may be conducted remotely using electronic communications. The application for approval of the arrangement must be submitted to the court no later than four months after the announcement in "Monitor Sądowy i Gospodarczy." If no application for approval is filed within this period, the proceedings will be discontinued by operation of law.

During the period from the date of making an announcement on opening the simplified restructuring procedure to the date of completion or discontinuance, existing enforcement proceedings are suspended by operation of law and no new proceedings may be instigated against the debtor. In addition, during the period of simplified restructuring, it is prohibited to terminate key agreements concluded with the debtor, including rental, tenancy, leasing or loan agreements, without the arrangement supervisor's permission. There is also a ban, known from the accelerated arrangement procedure, on payment of claims covered by the arrangement by operation of law, as well as restrictions on the set-off. Another new feature is the possibility to include in the arrangement a claim secured against the debtor's assets without the *in rem* creditor's consent.

Any creditor may apply to the court for lifting in its entirety of the effects of the announcement of the opening of a simplified restructuring proceeding, including the prohibition of enforcement against the debtor's assets. Creditors will also be entitled to pursue a claim for redress of damages if the debtor made an announcement on the opening of proceedings in bad faith.

Limitations and Effectiveness of the Guarantee in Bankruptcy or Restructuring Proceedings

Pursuant to Article 11 sec. 2 of the Polish Bankruptcy Law, a corporate entity is deemed to be insolvent if its liabilities (*zobowiązania*) (excluding future liabilities and liabilities toward the shareholders under loans or legal acts of similar effect, granted within five years before the declaration of bankruptcy) exceed the value of its assets (property) (*majątek*) (except for assets which do not form part of the bankruptcy estate) and such situation persists for longer than 24 months. Given certain legal controversies regarding the application of this rule, and in order to mitigate the possibility that the Polish Guarantor could be declared bankrupt under this rule, the liability of any Polish Guarantor on account of payments under the Guarantee shall be limited to the amount equivalent to the Polish Guarantor's assets (except for assets which do not form part of the bankruptcy estate). This limitation of liability will no longer apply when the Polish Guarantor becomes insolvent in the meaning of Article 11 of the Polish Bankruptcy Law or upon acceleration of the receivables under the Guarantee (in spite of the previous application of that limitation of liability).

Under the Polish Bankruptcy Law, the Guarantee may be declared ineffective or deemed to be ineffective in certain situations. In particular, the enforceability of the receivables arising under the Guarantee in the insolvency proceedings depends on whether it was granted at least six months before the filing of the motion for bankruptcy of the Polish Guarantor and, furthermore, whether the secured receivables are due and payable. Pursuant to the Polish Bankruptcy Law, if: (i) the debt secured by the Guarantee is not due (*dlug niewymagalny*); and (ii) the Guarantee was granted within six months before the filing of the motion for bankruptcy, then it will be deemed ineffective. However, in such case, the creditor may bring an action or charge in order to seek the recognition of the Guarantee as effective if at the time when the same was granted the creditor was unaware of the existence of grounds for declaration of bankruptcy of the grantor.

Furthermore, if the Guarantee is granted within six months preceding the date of the filing of the motion for bankruptcy, it will be assessed whether the Guarantee in this state of facts was granted by the bankrupt entity to its partners or shareholders, their representatives or spouses of the same, or affiliates, their partners or shareholders, representatives, or spouses of the same as well as with another company, in the

event of either being the controlling company. If so, the Guarantee will be declared ineffective towards the bankruptcy estate, unless the other party is able to prove that it is not detrimental to other creditors.

The disposals made by the bankrupt in respect of its estate (*czynności prawne, którymi upadły rozporządził swoim majątkiem*) within one year before the filing of the motion for bankruptcy will be deemed ineffective towards the bankruptcy estate if the value of the disposal significantly (*rażąco*) exceeded consideration for the bankrupt, or there was no consideration for the bankrupt. It is not entirely clear under the Polish Bankruptcy Law whether the guarantees are subject to such clawback provisions since it is debatable whether they can be qualified as disposals.

Under the Polish Restructuring Law, the Guarantee may also be declared ineffective or deemed ineffective in certain situations.

The disposals made by the debtor in respect of its estate (*czynności prawne, którymi dłużnik rozporządził swoim majątkiem*) within one year before the filing of the motion for remedial proceedings will be deemed ineffective towards the remedial estate if the value of the disposal materially (*istotnie*) exceeded consideration for the debtor or third party, or there was no consideration for the debtor. It is not entirely clear under the Polish Restructuring Law whether the guarantees are subject to such clawback provisions since it is debatable whether they can be qualified as disposals.

Additionally, pursuant to the Polish Restructuring Law, if: (i) the Guarantee was granted within one year before the filing of the motion for opening restructuring proceedings; and (ii) the Guarantee was not granted directly in connection with consideration received by the Polish Guarantor, then the Guarantee will be ineffective towards the remedial estate.

The Guarantee will be ineffective towards the remedial estate in the part in which it exceeds (as at the date of granting the Guarantee) the value of the secured claim together with ancillary claims specified in the document establishing the Guarantee by more than a half, and provided that the Guarantee was granted within a year before the filing of the motion for opening restructuring proceedings.

Fraudulent Conveyance

Under the Polish Civil Code of April 23, 1964 (Journal of Laws of 2020, item 1740, as amended, the “**Polish Civil Code**”), a creditor (or, if the debtor is declared bankrupt, the bankruptcy receiver) may request that the relevant Polish court declare a given legal act (such as the granting of a guarantee) ineffective towards such creditor, and the court will do so if it finds that granting a guarantee constituted a transaction effected by a debtor to the detriment of its creditors (i.e., where the debtor became insolvent or became insolvent to a greater extent as a result of the transaction) while a third party has gained a benefit, and provided that (i) the debtor consciously acted to the creditors’ detriment and (ii) the third party knew or, had it acted with due diligence, could have known that the debtor was acting to the detriment of its other creditors (and the third party’s knowledge that the debtor consciously acted to the creditors’ detriment is presumed if the entrepreneur who received the benefit as a result of the transaction with the debtor remained in a permanent economic relationship with such debtor) or gave no consideration for the benefit obtained in such transaction.

In addition, if a Polish Guarantor’s entering into a given agreement made it wholly or partially impossible to satisfy a third party’s claim, such third party may request that the court declare such an agreement ineffective towards that party, provided the Polish Guarantor and the other party to the agreement knew of the third party’s claim or if the agreement was for no consideration.

The creditor with respect to whom the company’s legal transaction was declared ineffective may, with priority over the creditors of the third party, enforce the rights over assets which as a result of such legal transaction, were removed from the company’s estate or did not become a part of the estate.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, the Polish Guarantor would be considered insolvent if it could not pay its debts as they became due. If a court decided that the Guarantee provided by the Polish Guarantor was a fraudulent conveyance and voided such Guarantee or held it unenforceable for any other reason, a holder of the Notes would cease to have any claim in respect of the Polish Guarantor and would be a creditor solely of the Issuers and remaining Guarantors.

Application of Foreign Law

If any obligation is to be performed in a jurisdiction outside the Republic of Poland, it might not be enforceable in the Republic of Poland, inter alia, to the extent that such performance would be illegal or contrary to public policy under the laws of the other jurisdiction and a Polish court may take into account the law of the place of performance when evaluating the manner of performance and the steps to be taken in the event of defective performance.

No law of any other jurisdiction will apply in the Republic of Poland if its application would have an effect that is contrary to the basic principles of public order in the Republic of Poland (public policy clause).

Other Issues Concerning the Limitations and Effectiveness of the Guarantee

The Guarantee issued by the Polish Guarantor is subject to certain provisions of the Polish Commercial Companies Code.

In accordance with Article 189 § 2 of the Polish Commercial Companies Code, shareholders of a limited liability company (*spółka z ograniczoną odpowiedzialnością*) may not receive, on whatever account, payments out of company's assets which are necessary for the share capital to be fully paid up. A more general Article 189 § 1 prohibits the return of contributions to share capital to such shareholders. In relation to a Polish joint stock company (*spółka akcyjna*) Article 344 § 1 of the Polish Commercial Companies Code stipulates that no payments for shares may be reimbursed to a shareholder, either fully or partially, except as allowed by the law for the duration of the company's existence. In the Polish legal doctrine opinions are expressed that in certain situations, for example, when the financial standing of a company entering into a transaction is poor and the shareholder of such a company benefits from a transaction, it may constitute in fact the return of share capital contribution to the shareholder. A breach of these rules results in the shareholders' obligation to return the payments up to the amount of the share capital. Therefore, there is a risk that the Guarantee of the Polish Guarantor in such form will be affected, or could be set aside, to the extent it would result in a reduction of its assets necessary to cover in full its share capital in breach of Article 189 § 2 of the Polish Commercial Companies Code, a return of contribution to share capital prohibited by Article 189 § 1 of the Polish Commercial Companies Code, or a payment prohibited by Article 344 § 1 of the Polish Commercial Companies Code.

Additionally, in respect of the joint stock companies, Article 345 of the Polish Commercial Companies Code stipulates certain conditions for granting financial assistance by a joint stock company for the acquisition of its shares. If these strict conditions are not met, then the financial assistance is unlawful and all the payments are invalid. Moreover, financial assistance is understood broadly as providing by a company, directly or indirectly, any financing for the purposes of the acquisition of shares issued by that company, inter alia by granting of credit, loan, guarantee or security. Therefore, in case the Polish Guarantor will have the form of a joint stock company, the Guarantee will state that it does not apply to any liability of the Polish Guarantor to the extent that it would result in the Guarantee constituting unlawful financial assistance within the meaning of Article 345 of the Polish Commercial Companies Code.

Maximum interest rate

According to Article 359 §2(1) of the Polish Civil Code), the maximum rate of interest (*odsetki maksymalne*) cannot be higher than two times the statutory interest rate (equal to the reference rate of the National Bank

of Poland (the “NBP”) plus 3.5 percentage points). Moreover, according to 481§2(1) of the Polish Civil Code the maximum rate of default interest (*odsetki maksymalne za opóźnienie*) cannot be higher than two times the default statutory interest rate (equal to the reference rate of the NBP plus 5.5 percentage points). As of the date hereof the maximum interest rate resulting from a legal transaction is equal to 7.2% p.a. and the maximum default interest rate is equal to 11.2% p.a.

Regulation on the maximum interest rates applies irrespectively of the law governing the agreement. Consequence of breach of the provisions on maximum interest rates is an automatic application of the maximum interests stipulated in Polish law as opposed to the agreed higher rate and, therefore, there is a risk that Polish courts may refuse to recognize and enforce a foreign judgment for the payment of interest or default interest if the rate of interest or default interest is higher than the relevant Polish maximum rate.

Spain

Under Spanish law, the guarantees and the security interests must guarantee or secure a primary obligation and therefore, they have an ancillary nature. Due to this, they would be declared null, void and/or terminated if the principal obligation is declared null, void and/or terminated. Any transfer of the principal obligation carries along with it the transfer of the security interest. Additionally, the transfer of the security interest itself cannot be done independently from the principal obligation due to its accessory nature. In the event that the guarantor or security provider is able to prove that there are not existing and valid guaranteed or secured obligations, Spanish courts may consider that the relevant guarantee or security are not enforceable because the guarantor or security provider's obligations under the relevant guarantee or security agreement are not existing and valid obligations. In addition, a guarantee or security interest may not be enforced in Spain without having validly accelerated (totally or partially, as applicable) the underlying agreements governing the guaranteed or secured obligations, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the underlying agreements governing the guaranteed or secured obligations. Therefore, the primary obligation must be clearly identified in the guarantee or security agreement and they should be amended in parallel to any amendment of the primary obligation to clearly reflect the scope of the guaranteed and secured obligations and the identity of the guaranteed or secured parties.

A Spanish court may not accept acceleration (*vencimiento anticipado*) of an agreement if the default were of minimal importance. To be recognized by the Spanish courts as giving rise to the remedy of acceleration, a default must be material. The decision to accelerate an agreement must be based on objective facts and cannot be left to the sole discretion of one party as this would not be permitted by Article 1,256 of the Spanish Civil Code.

A Spanish company must have a corporate interest in granting a guarantee or a security interest. It is difficult to determine whether or not a corporate benefit is obtained when granting the so-called upstream security interests. Some factors may be considered, such as the receipt by the Spanish company of the funds (even indirectly) or the actual benefit that the Spanish company receives from the financing. The absence of a corporate interest may lead to the creditors of the Spanish company to contest, on the grounds of Article 1,111 of the Spanish Civil Code, acts carried out by the Spanish company implying fraud of the creditors' rights. In addition, directors' liability may be triggered. See *“Risk Factors— Risks Related to the Group's Indebtedness and the Transactions—The insolvency laws of applicable jurisdictions may not be as favorable to you as the insolvency laws of the jurisdictions with which you are familiar; other limitations on the Guarantees, including fraudulent conveyance or corporate assistance statutes, may adversely affect their validity and enforceability.”*

In particular, Spanish law may limit the ability of a Spanish Guarantor to guarantee the Notes. Recent Spanish rulings which do not constitute settled case law indicate, and certain scholars understand, that risk associated with a guarantee or the value of a security interest provided by a Spanish company to

guarantee or secure indebtedness held by other companies within its corporate group must be reasonable and economically and operationally justified from the Spanish company's perspective and justified under the corporate interest of such company. Therefore, as stated in section "Insolvency laws" below, guarantees granted by a Spanish company in favor of other group companies may be challenged on the basis that such guarantees have no consideration unless evidence could be provided that there was a tangible and identifiable economic interest for the Spanish companies (beyond an abstract group interest). Whether there is a specific consideration in favor of the guarantor for the granting of the guarantee, is a factual matter that will need to be proven on a case by case basis. The lack of proof in that regard, may entail, if the guarantee is challenged, that a judge declares the guarantee null and/or void. Notwithstanding the foregoing, there are rulings from the Spanish Supreme Court recognizing the validity of upstream guarantees.

Spanish law prohibits financial assistance: (i) for public limited liability companies (*sociedades anónimas*) in relation to the acquisition of their own shares or the shares of any direct or indirect parent company, and (ii) for private limited liability companies (*sociedades de responsabilidad limitada*), in relation to the acquisition of their own shares and the shares of any member of their corporate group. Therefore, guarantees or security interests granted by subsidiaries incorporated under the laws of Spain (for the purpose of this section, each a "**Spanish guarantor**") shall not extend to any payment obligation incurred by the Issuer for the purpose of acquiring the shares of such Spanish guarantor/Spanish subsidiary or the shares or its direct or indirect parent company or, as applicable, any member of their group, to the extent that such guarantee or security interest would constitute unlawful financial assistance within the meaning of Articles 150 and 143 of the Spanish Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the "**Spanish Companies Act**"). This limitation would also apply to the refinancing of acquisition debt although this is widely debated between academics. No whitewash procedures are available. Accordingly, any guarantee or security interest granted by any Spanish company will be limited by the amount of the funds that are not used for unlawful financial assistance purposes.

For the purposes of the previous paragraph, a reference to a "parent company" of the Spanish guarantor shall mean the company (if any) which, directly or indirectly, owns the majority of the voting rights of such Spanish guarantor or that may have a dominant influence on such Spanish guarantor. It shall be presumed that a company has a dominant influence on another company when any of the scenarios set out in section 1 of article 42 of the Spanish Commercial Code (*Código de Comercio*) are met.

In addition, a reference to the "group" of each Spanish guarantor shall mean the group of companies that have in common the same parent company (as this term is described above).

In accordance with the abovementioned, the Guarantees and any security interests granted by Spanish companies belonging to the Group, shall not guarantee those obligations or liabilities which, if guaranteed, would constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and/or 150 of the Spanish Companies Act.

In addition, and whilst this remains debatable, it is possible that certain defenses available to the Spanish Guarantors relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, capital preservation or thin capitalization may limit the amount guaranteed under the Guarantee. Such limitation, *inter alia*, may be referred to the net equity, net assets or share capital of the Spanish Guarantors or even the portion of the proceeds of the Notes used directly or indirectly to pay or refinance obligations of the Spanish Guarantor.

First demand guarantee

The structure of first demand guarantees is not specifically regulated in the Spanish Civil Code but their validity and effectiveness have been reviewed in several judgments and defined by the Spanish Supreme Court (*Tribunal Supremo*) as autonomous guarantees, detached from the underlying agreement whose

obligations are being guaranteed. These judgments acknowledge the validity of provisions pursuant to which guarantors waive the ability to call on enforceability exceptions different to those stated under the guarantee. Notwithstanding the foregoing, certain case law has also admitted the possibility that, with certain limitations, the guarantor automatically raises the enforceability exception of fraud, bad faith or abuse of right (*abuso de derecho*) in the event where the beneficiary enforces the guarantee in a fraudulent manner or in bad faith. Certain case law has also admitted that the guarantor can stay enforcement by showing that there has been no event of default (the guarantor bearing the burden of proof), usually through a motion for declaratory relief filed by the guarantor.

Enforcement Proceedings in Spain

Creditors are entitled to initiate actions under the following three types of proceedings: (i) the so called declarative proceeding (*juicio declarativo*) provided for under the Spanish Civil Procedure Act 1/2000, of January 7, 2000 (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*); (ii) the executive proceeding (*juicio ejecutivo*) provided for under the same Spanish regulation; and (iii) the procedure managed by notaries to enforce guarantees under Article 1,872 of the Spanish Civil Code, which must be jointly interpreted with the Notary Public Law of 28 May 1862 (the “**Notarial Law**”) that establishes the requisites to be met by the mentioned notary public auction system regulated in the Spanish Civil Code. The aforementioned procedures are aimed at selling the relevant asset in a public auction monitored either by a Court or by a notary public if the debtor does not verify payment of the amount due prior to the public auction. As for first demand guarantees, either declarative proceedings or executive proceedings (if the guarantee is granted in accordance with the Spanish Civil Procedure Act 1/2000) could be used to enforce payment from the guarantor.

Insolvency proceedings

The following is a brief description of certain aspects of the Spanish Insolvency Act.

Spanish Insolvency Law

Law 16/2022, of September 5, amending Royal Legislative Decree 1/2020 of May 5 (*Ley 16/2022, de 5 de septiembre, de reforma del texto refundido de la Ley Concursal*) (as amended from time to time, the “**Spanish Insolvency Law**”) was enacted to restate and improve the previous legal framework governing insolvency in Spain, with the aim of implementing the restructuring framework required by Directive (EU) 2019/1023 of the European Parliament and of the Council, of June 20, 2019, on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency), as well as otherwise significantly amending the previous insolvency law. The amendments to the Spanish Insolvency Law came into force, subject to certain exceptions, on 26 September 2022.

The Spanish Insolvency Law regulates insolvency court-supervised proceedings, as opposed to out-of-court liquidation (which, pursuant to Royal Legislative Decree 1/2010, of July 2, approving the Spanish Companies Law (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*), (as amended and restated from time to time, the “**Spanish Companies Law**”), is only available when the debtor has sufficient assets to meet its liabilities or in specific situations regulated under the Spanish Insolvency Law). The Spanish full-blown insolvency proceeding (*insolencia*), which is referred to as “*concurso de acreedores*”, applies to all persons or entities (save for limited exceptions specifically contemplated in the Spanish Insolvency Law). These proceedings may lead either to reorganization through the implementation of an agreement between the creditors and the debtor (*convenio*) (the “**Composition Agreement**”) or to the liquidation of the debtor's assets (*liquidación*).

Insolvency Filing

A debtor (in the case of a company, its directors) is required to file the insolvency petition upon inability to regularly pay its liabilities as they become due (*insolencia actual*). As a general rule, a debtor has to file

for voluntary insolvency within two months from the date on which it knew, or should have known, that it was in an insolvency situation. The debtor is also entitled (but not required) to apply for such insolvency proceeding when it foresees its inability to regularly pay liabilities as they become due (*insolencia inminente*). According to the amendments to the Spanish Insolvency Law, a debtor is in an imminent insolvency scenario when it foresees its inability to regularly pay liabilities as they become due within the following three months.

Creditors do also have standing to petition mandatory insolvency (*concurso necesario*) when the debtor is unable to regularly pay its debts as they become due (i.e., only in an actual insolvency scenario).

Insolvency is considered voluntary (*concurso voluntario*) if filed by the debtor. If the debtor requests the insolvency, it must prove its current or imminent insolvency. The debtor must file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of actual insolvency (inability to regularly pay the debts as they become due). It is presumed that the debtor becomes aware of its insolvency, unless otherwise proven, if any of the circumstances that qualify as the basis for a petition for mandatory insolvency occur. Where the debtor fails to file a petition for insolvency within the time period established by law (two months), (i) the directors may be removed from office and substituted by an insolvency authority once the insolvency is declared and the insolvency process is initiated; (ii) the debtor may be unable to exercise certain courses of action; and (iii) the directors may be held liable for unpaid claims (*déficit concursal*), should the debtor be liquidated and insolvency be classified as “guilty” (*concurso culpable*).

Insolvency is considered mandatory (*concurso necesario*) if filed by a third party and upheld by the Court. Under section 4 of article 2 of the Spanish Insolvency Law, a creditor can seek a debtor's declaration of insolvency if it can prove that following enforcement proceedings it has failed to attach or seize any assets, or sufficient assets from the debtor, to pay the amount owed. A creditor may also apply for a debtor's insolvency if it can prove to the Court (i) a generalized default on payments by the debtor, (ii) a seizure of assets affecting or comprising the generality of the debtor's assets, (iii) a misplacement, “fire sale”, hasty, loss-making or ruinous liquidation of the debtor's assets or (iv) a generalized default on certain tax, social security and employment obligations during the applicable statutory period (i.e., three months).

The general duty to file for insolvency within the referred two months does not apply if, by means of the communication that is foreseen under article 585 of the Spanish Insolvency Law (the so-called 5 bis communication by reference to a previous regulation – Law 22/2003–), the debtor who is in actual, imminent or likely insolvency, and has not been declared in insolvency, notifies the Court that it has started negotiations with its creditors to seek support for a “restructuring plan” (the “**Plan**”), in which case it will have an additional grace period of three months and one more to file for insolvency. Such grace period of three months could be extended if, not later than at the end of the initial three-month grace period, either the debtor, or creditors holding more than 50% of the debts that the Plan may affect at that time (net of any credits that would qualify as subordinated (*acreedor subordinado*) claims in an insolvency situation), may request the Court for a three-month extension, provided the restructuring expert, if one is appointed, issues a favorable report in support of the request.

The new law introduces the concept of “likelihood of insolvency” (*probabilidad de insolencia*), which is when it is objectively foreseeable that the debtor will be unable to regularly fulfil its obligations that fall due in the next two years unless it enters into a Plan with its creditors. In addition to being able to start negotiating with its creditors with a view to entering into a Plan at any time during this period when insolvency is likely, the debtor will also be able to file for pre-insolvency in court, in which case it will inform the applicable Court that it is trying to negotiate a Plan with its creditors.

Pre-Insolvency filing

Spanish law contains a restructuring moratorium proceeding, which is an insolvency proceeding under both Spanish and European regulations. It protects the debtor, for a four-months period (or up to seven months, if extended), from petitions for mandatory insolvency proceedings.

As mentioned above, the general duty to file for insolvency within the referred two-months period does not apply if the debtor notifies the applicable Court that it has initiated negotiations with its creditors to obtain support for a Plan, as set out in articles 614 *et seq.* of the Spanish Insolvency Law. Effectively, by means of the communication that is foreseen under article 585 of the Spanish Insolvency Law (the so-called 5 *bis* communication by reference to a previous regulation –Law 22/2003–), on the top of those two months, the debtor gains an additional three-months period (or up to six months, if extended) as from the date when the debtor gives such notice, to achieve a Plan with its creditors and one further month to file for insolvency, if the above mentioned period of three months (or of six months, if extended) has elapsed without an agreement being reached and the situation of insolvency persists.

Additionally, during the three-month protection period provided by the pre-insolvency filing (or six months in case it has been extended under the new insolvency regime), enforcement actions are stayed, subject to the following:

- As a general rule, neither judicial nor extrajudicial enforcement proceedings may be initiated to seize or attach assets or rights that the debtor requires (the so-called “necessary assets”) to continue its professional or business activities. Previously initiated enforcement proceedings will be stayed. It is not always easy to determine when an asset is necessary to operate the business and the courts decide on a case-by-case basis. They normally take a flexible approach and consider elements such as cash or credit rights as assets that are necessary to continue to run the business. However, creditors may challenge the court clerk’s asset qualification, which the Court will hear.
- At the debtor’s request, the Court may extend these stays in relation to one or several creditors or class of creditors in respect of other assets or rights, even if they are not deemed “necessary assets”, if doing so could help bring the negotiations to a satisfactory conclusion, provided the restructuring expert, if one has been appointed, has given its consent. The Court decision on this suspension may be challenged by a remedy (*recurso de reposición*), exclusively.
- Subject to the above, enforcing security in rem over “necessary assets” may be initiated but will be automatically stayed. However, neither financial collateral governed by Royal Decree-Law 5/2005, March 11, on urgent reforms for the encouragement of productivity and the improvement of government procurement (*Real Decreto-Ley 5/2005, de 11 de marzo, de reformas urgentes para el impulso de la productividad y para la mejora de la contratación pública*) (the “**RDL 5/2005**”), nor in rem security interests over assets located in another Member State (other than Denmark) should be affected by this suspension.

In relation to the above provisions, Spanish Courts may apply them, under certain circumstances, in relation to assets held by non-Spanish affiliates of the entity that files for pre-insolvency, with effects outside of Spain.

In any case, the above regime does not apply to public credit rights (*créditos de derecho público*). In such case, enforcement can be suspended in very limited circumstances and, in any case, up to a maximum period of three months.

Also, while the effects of pre-insolvency are in force, according to the amended Spanish Insolvency Law, directors’ legal duty to wind up the company in the event of a capital impairment situation (i.e., its net equity is below a half of its share capital) is suspended.

In case of essential contracts for the viability of the business, the relevant counterparties will not be entitled to suspend, amend or early terminate such contract for contractual breaches occurred prior to the communication that is foreseen under article 585 of the Spanish Insolvency Law (the so-called 5 *bis* communication by reference to a previous regulation –Law 22/2003–) while the effects of such communication are in force (even if the relevant contracts allowed it).

Filing for pre-insolvency has also the following effects:

- *Over credit rights.* Pre-insolvency does not cause itself the early maturity of claims. Contractual provisions amending or declaring the early maturity of claims in case of pre-insolvency shall become ineffective.
- *Over contracts.* Any contractual provisions declaring the early termination, suspension or amendment of a contract with outstanding reciprocal obligations in case of pre-insolvency or analogous proceedings shall be rendered ineffective. This will not be applicable for contractual netting agreements (*acuerdos de compensación contractual*) subject to RDL 5/2005.

Restructuring Plan

Under the amended Spanish Insolvency Law, the effects of a Plan can be imposed on all types of creditors and claims (subject to specific and limited exceptions) such as financial claims, non-financial claims (including trading and operating debt and public claims subject to strict requirements), one or multiple classes of creditors and, where applicable, even debtor's shareholders. In particular, claims held by public creditors (e.g., tax authorities, and the Social Security) cannot be subject to a haircut, debt-for-equity swap, change of debtor or change of governing law. According to this special regime, as a general rule, their maturity can be extended up to 12 months since the issuance of the homologation ruling and up to 6 months since the issuance of the homologation ruling if a deferral or division in instalments (*aplazamiento o fraccionamiento de pago*) of such debt has been agreed with the public administration.

The Plan must include a minimum content set out in article 633 of the Spanish Insolvency Law and will need to be formalized in a public document (*formalizado en instrumento público*).

In addition, as opposed to the previous Spanish insolvency law, which only allowed a closed-ended list of measures to be imposed on dissenting creditors, a Plan under the Spanish Insolvency Law may contain almost any restructuring alternative, provided it is sufficient and proportionate to ensure the viability of the business and its continuation as a going concern. The debtor and its creditors may agree on any type of measure deemed necessary to effectively restructure the debtor's business, including changes in the composition, conditions or structure –not only of the debtor's liabilities, but also of its assets or any part of its capital structure. This could include sales of assets, parts of the business or even the entire business as a going concern, as well as any other necessary operational changes, or a combination of the same. The Plan must nevertheless set out the reasons why it has a "reasonable prospect of preventing the insolvency" of the debtor and ensuring the viability of its business in the short and medium term, including the necessary pre-conditions for its success.

In addition, the mere judicial approval of a Plan does not affect bilateral contracts with outstanding reciprocal obligations at that time, they remain in force. Moreover, contracts that are deemed necessary to ensure the continuity of the debtor's business cannot be terminated, suspended or amended due to a change in control of the debtor as a result of a debt-for-equity swap contemplated by the Plan. However, the Spanish Insolvency Law specifies certain exceptions to the principle of continuation of bilateral contracts that aim to ensure a Plan's success, in particular, in relation to: (i) contracts with outstanding bilateral obligations that can be terminated in the interest of the restructuring; (ii) contracts with senior executives (*contratos de alta dirección*); (iii) financial collateral arrangements and/or netting arrangements; and (iv) certain trade supply agreements.

On a separate note, class formation has been introduced by the amended Spanish Insolvency Law. Creditors affected by the Plan will be grouped into classes. The class formation criteria must be based on a common shared interest by each group of creditors and subject to objective criteria.

As a general rule, it is presumed that creditors with the same ranking in an insolvency process share a common interest, but they can also be separated into different classes if there are reasons justifying such split (e.g., financial and non-financial nature, conflicts of interests among creditors of different classes or measures to be imposed by the Plan). In any case, secured claims must constitute a single class, unless the different nature of the collateral justifies the creation of separate classes. Claims governed by public law will also constitute a separate class among the classes with the same ranking.

Request of joint insolvency

The insolvency of a company forming part of a Group of companies, including the parent company, does not automatically lead to the insolvency of the remaining companies of the Group, however, creditors may apply for a joint insolvency declaration of two or more of its debtors (*declaración conjunta de concursos*) if either (a) there is a confusion of assets among them, or (b) they form part of the same Group of companies. Therefore, the request for the joint insolvency of two or more legal entities may only be filed by a common creditor of the relevant companies and each of the affected companies must in fact be separately insolvent. Joint insolvency may also be requested by the companies themselves provided that they form part of the same Group.

Any of the debtors, or the insolvency administrator, as the case may be, may apply for the procedural consolidation of insolvency proceedings already declared under certain circumstances (and, in particular, if the debtors form part of the same Group of companies). In addition, creditors may apply for the procedural consolidation of the insolvency proceedings of two or more of its debtors already declared (*acumulación de concursos*) if either (a) there is a confusion of assets among them, or (b) they form part of the same Group of companies, provided that a petition has not been submitted by any of the insolvent debtors or by the insolvency administrator.

Insolvency proceedings declared jointly or accumulated are processed in coordination, without consolidation of the estate of the insolvent debtors. As a result, and as a general rule, a “group insolvency” does not lead to a commingling of the debtors’ assets and creditors of such Group. This means that the creditors of one company of the Group will not have recourse against other companies of the same Group (except where cross guarantees exist, in which case such a claim might be subordinated). The current system is basically a procedural one, aimed at making the insolvency proceedings as time and cost efficient as possible. However, exceptionally, and for the purpose of the drafting of the insolvency report, by the insolvency administrator only, assets and liabilities amongst the companies declared insolvent may be consolidated where there is a confusion of states and assets and liabilities belonging to each of the companies cannot be identified, in order to avert unjustified cost and delay.

Enforcement and termination in a pre-insolvency scenario

The obligations under the Notes and the Notes Guarantees might not necessarily be enforced in accordance with their respective terms in every circumstance, such enforcement being subject to, *inter alia*, the nature of the remedies available in the Spanish Courts, the acceptance by such Court of jurisdiction, the discretion of the Courts, the power of such Courts to stay proceedings, the provisions of the Spanish Civil Procedure Law (*Ley 1/2000, de 7 de enero de Enjuiciamiento Civil*) (the “**Spanish Civil Procedure Law**”) regarding remedies and enforcement measures available under Spanish law, the provisions of the Spanish Insolvency Law and other principles of law of general application. In this regard:

- Spanish law does not expressly recognize the concept of an indemnity nor the concept of punitive damages. In principle, the legal remedy which will be awarded under Spanish law is compensation for damages (*indemnización de daños*). Article 1,152 of the Spanish Civil Code establishes that any penalty (*cláusula penal*) agreed by the parties will substitute damages (*indemnización de daños*)

and the payment of interest (*abono de intereses*) in an event of breach, unless otherwise agreed. Spanish Courts may modify the penalty agreed on an equitable basis if the debtor has partially or irregularly performed its obligations, unless the penalty (liquidated damages) was aimed at such partial performance (and in any event if it is deemed to be disproportionate according to the good faith principle). There is doubt as to the enforceability in Spain of punitive damages.

- Where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of the applicable jurisdiction.
- Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties. Therefore, Spanish Courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties.
- Spanish law, as applied by the Spanish Supreme Court (*Tribunal Supremo*), precludes an agreement being terminated on the basis of a breach of obligations, undertakings or covenants if the basis for termination is not a breach of an obligation that is considered material in view of the particular circumstances (which could be the case in the event of termination on the grounds of cross default or cross acceleration) or which are merely ancillary or complementary to the main undertakings foreseen under the relevant agreement (such as payment obligations under financing agreements), and allows Spanish courts not to enforce any such termination. However, there is case law supporting the idea that if the parties considered that certain breaches should be considered material, the courts should accept them as the basis for a termination of the agreement.
- Under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law (*fraude de ley*) and the provisions whose application was intended to be avoided shall apply.
- A voluntary waiver of statutory rights would not be valid if it were contrary to public order or detrimental to a third party; furthermore, under Spanish law, the waiver of future rights that do not yet exist or of which there is a mere expectation could be deemed null unless ratified upon the rights arising and being perfected.
- A Spanish court may modify the obligations deriving from the contracts in the terms it deems necessary in order to restore the balance between the obligations (or even declare them unenforceable) if unexpected and exceptional circumstances arise that were unforeseeable when the contracts were executed, which would not have been expressly or implicitly assumed and entail a drastic change in the consideration or the reciprocal obligations assumed in the contracts, to such an extent that a Spanish court would consider strict compliance with the obligations assumed by this party in the contracts as nearly impracticable or extremely burdensome.
- In Spanish procedural law, the rules regarding the burden of proof in judicial proceedings cannot be modified by agreement of the parties and, consequently, any provision of the contracts in which decisions, certificates, notifications, opinions or the like issued by the parties are deemed conclusive evidence in the absence of a manifest error, would not be upheld by a Spanish court; except as foreseen in the Spanish Procedural Law for executive proceedings for a sum of money resulting from public documents, if the parties agreed so.
- Any document that is not in Spanish must be accompanied by a translation into Spanish for it to be admissible by a Spanish court or authority, which may be required to be sworn.
- Under Spanish law, powers of attorney, appointments and authorizations are generally revocable by the grantor (irrespective of whether they are said to be revocable or irrevocable), provided that

the revocation is in good faith; however, this general rule would not prevail when the powers of attorney, appointments or authorizations are a necessary consequence of the underlying relationship between the grantor and the beneficiary and such revocation is aimed at frustrating the purpose for which such powers were granted.

- The choice of New York law in the Notes will not restrict the application of the Spanish “overriding mandatory provisions”, as defined in article 9.1 of Regulation (EC) No 593/2008 of the European Parliament and of the Council of June 17, 2008 on the law applicable to contractual obligations (Rome I). Furthermore, Spanish courts may refuse to apply a provision of the chosen law if such application is manifestly incompatible with Spanish public policy. Spanish courts may also give effect to the overriding mandatory provisions of the law of the country in which the obligations arising from the contract have been performed or must be performed.
- The exclusive jurisdiction of the Spanish courts includes matters relating to the incorporation, validity, nullification and dissolution of companies or legal entities domiciled in Spain, and any decisions and resolutions of their governing bodies, the validity or nullity of any recording in a Spanish registry, and the recognition and enforcement of any judgment or arbitration award in Spain that has been obtained in a foreign country.

Effects of Insolvency Declaration

Effects for the Debtor

As a general rule, the debtor in a voluntary case retains its management power, but is subject to the intervention (*intervención*) of the insolvency trustee (*administrador concursal*), who is appointed by the Court. In the case of mandatory insolvency, as a general rule, the debtor's management will be replaced (*sustitución*) by the insolvency trustee. However, the Court has the power to modify this general regime subject to the specific circumstances of the case. In addition, upon the insolvency trustee's request, the Court has the power to swap the intervention regime (*regimen de intervención*) for a suspension regime (*regimen de suspensión*) or vice versa. Actions carried out by the debtor that breach any required supervision of the insolvency authorities may be declared null and void.

The time between the petition and the insolvency declaration by the Court will depend upon a number of factors, including whether the filing has been made by the debtor or the creditor (and in turn whether the debtor has challenged the petition made by the creditor), whether all appropriate documentation has been submitted on a timely basis or it is incomplete, and the workload of the Court.

Effects on Contracts

Insolvency declaration does not affect contracts with reciprocal obligations pending performance by both parties by insolvency declaration (executory contracts), which remain in full force and effect, and the obligations of the insolvent debtor will be fulfilled against the insolvent estate. Early-termination, suspension or amending clauses triggered by the declaration of insolvency or the liquidation become void and unenforceable, unless there exists a legal provision permitting either termination of the contract in the event of insolvency (e.g., RDL 5/2005), or unilateral termination (e.g., swap agreements or agency agreements).

The debtor or the insolvency trustee, with the Court's approval, may request the termination of executory contracts in the interest of the insolvency estate (*interés del concurso*), including in the absence of contractual grounds for termination. A hearing with the parties will be held at which they will have the opportunity to reach an agreement on the termination and its effects. If an agreement is not reached, formal court proceedings will be held that will result in a decision issued by the Court. The indemnity granted to the contractual counterparty as a result of a contract being terminated early will be an insolvency claim (*crédito concursal*), and no longer a claim against the estate (*crédito contra la masa*).

As a general rule, it is not possible to terminate an executory contract for breaches that occurred before the declaration of the insolvency proceedings. However, if a material breach of the executory contract occurred after the declaration of insolvency, the non-defaulting party may request the termination of the contract by filing a termination claim with the Court.

As an exception to the above, termination due to pre-existing breaches may be admitted if the executory contract is a continuing-performance contract (*tracto sucesivo*). A continuing performance agreement does not require a one-off performance, but rather successive or continuous performance over an agreed period (for instance, leases or supply agreements). Some case law and legal scholars take nonetheless the position that termination of the contract should not be possible if one party already complied with its contractual obligations prior to the declaration of insolvency.

When the default took place before the declaration of insolvency (when allowed), the claims of the non-defaulting party (including indemnity claims) will be an insolvency claim (*crédito concursal*). On the contrary, claims arising from defaults which took place after the declaration of insolvency will be claims against the estate (*crédito contra la masa*). Termination of the contract will also extinguish the outstanding contractual obligations.

The Court may disregard the breach – regardless of whether it occurred before or after the declaration of insolvency –, and order specific performance of the contract for the remaining contractual term, if the continuation of the agreement is deemed to be beneficial for the outcome of the insolvency proceedings. The Court order may be appealed. If the default took place after the declaration of insolvency, the amounts owed to non-defaulting parties arising from the agreement must be paid from the debtor's insolvency estate within three months after the Court order. If such payment is breached, the continuation of the contract will lose its effect.

To ensure that the debtor's insolvency estate has sufficient financial resources to continue the business, the Spanish Insolvency Law allows the insolvency administrator, either unilaterally or at the debtor's request, to reinstate (*rehabilitación*) credit and other facility agreements to which the debtor was a party and which were accelerated by the creditor as a result of a payment default (principal or interest) in the three months preceding the declaration of insolvency. The exercise of this power by the insolvency administrator is subject to three conditions:

- the insolvency administrator must provide notice of the reinstatement to the creditor before expiry of the term to lodge claims (that is, as a general rule, one month as from publication of the declaration of insolvency);
- the insolvency administrator must satisfy or deposit any amounts unpaid at the time of reinstatement and “assume” future payments against the insolvency estate; and
- the creditor must not have started any actions to claim payment before the insolvency proceedings commenced.

A similar reinstatement rule exists in relation to deferred-payment purchase agreements that are terminated early within the three months preceding the declaration of insolvency.

Additionally, insolvency declaration suspends interest accrual, except for claims secured with an *in rem* right, in which case ordinary interest accrues up to the value of the security, and except for any wage credits in favor of employees, which will accrue the legal interest set forth in the corresponding State Budget Law (*Ley de Presupuestos del Estado*).

In any event, set-off is prohibited once the debtor has been declared insolvent unless (i) the requirements for the set-off were satisfied prior to the declaration of insolvency, even if such compensation is alleged afterwards, or the creditor communicated the existence of the claim to the insolvency administrator; (ii) the

claim of the insolvent debtor is governed by a foreign law that permits set-off; or (iii) the claims and debts arise from the same legal relation.

As a general rule, insolvency declaration stays, up to a year, enforcement proceedings tied to collateral necessary to pursue the ordinary course (excluding financial collateral, as defined in RDL 5/2005, which can be enforced at any time, and where the collateral is located outside of Spain).

The enforcement of any security over certain assets that are necessary to the continuation of the commercial or professional activity of the insolvent company (*in rem* securities) is prohibited until the earlier of (i) an arrangement of a composition agreement being reached, provided that the Composition Agreement does not affect such right; (ii) one year having elapsed as of the declaration of the insolvency without the opening of the liquidation phase; or (iii) the judge conducting the insolvency proceedings declaring that the asset is not necessary for the continuation of the debtor's activities in accordance with the Spanish Insolvency Law. Commencement of the liquidation phase causes the loss of the right to commence a separate enforcement process in relation to those secured lenders who did not commence enforcement either before the declaration of insolvency or after a year since the declaration of insolvency.

Nevertheless, shares/quota shares held by an insolvent debtor in another company whose only activity is the holding of a material asset and servicing the financing provided in connection with the acquisition of that asset, are not considered to be an asset necessary for the debtor's business activity as long as the foreclosure of the relevant security interest, that has been granted over such shares/quota shares, does not bring about an early termination or amendment of the contractual relations permitting the economic exploitation of the relevant asset.

Ranking of Credits

The judge's insolvency order contains an express request for creditors to declare debts owed to them within one-month period following the last official publication in the Official State Gazette (*Boletín Oficial del Estado*) of the Court order declaring the insolvency (proof of claims), by providing original documentation that justifies their claims. Based on such documentation provided by the creditors and held by the debtor, the insolvency trustee draws up a list of acknowledged claims and classifies them according to the categories established under law, which are as follows: (i) claims against the insolvency estate (*créditos contra la masa*), (ii) claims benefiting from special privileges, (iii) claims benefiting from general privileges, (iv) ordinary claims, and (v) subordinated claims.

- (1) Claims against the insolvency estate (*créditos contra la masa*) from article 242 of the Spanish Insolvency Law sets out the so-called "estate claims" which are pre-deductible claims from the estate (excluding those assets of the insolvent debtor subject to *in rem* security), are generally payable when due according to their own terms (and, therefore, are paid before other claims). Debt against the insolvency estate includes, among others, (i) certain amounts of the employees payroll; (ii) costs and expenses of the insolvency proceedings; (iii) certain amounts deriving from executory contracts and obligations to return and indemnify in cases of voluntary termination or breach by the insolvent debtor, those amounts that derive from the exercise of a claw-back action within the insolvency proceedings of acts performed by the insolvent debtor and correspond to a refund of consideration received by it, if tied to bilateral contracts (except in cases of bad faith); (iv) certain amounts arising from obligations created by law or from tort liability of the insolvent debtor after the declaration of insolvency and until its conclusion; (v) certain debts in the ordinary course of business incurred by the debtor following the declaration of insolvency; (vi) in case of liquidation, the credit rights granted to the debtor under a Composition Agreement prior to the opening of the liquidation phase; and (vii) 50% of the new funds lent under a court-sanctioned Plan entered into in compliance with the requirements set forth in articles 635 et seq. of the Spanish Insolvency Law, as long as the claims affected by the approved Plan amount to 51% of the total liabilities at least (or to more than

60% of the total liabilities, if the new financing is granted by persons being in a special relationship with the debtor, after deducting the claims of those persons).

- (2) Claims benefiting from special privileges (*créditos con privilegio especial*), representing security on certain assets (essentially in rem security). Creditors benefiting from special privileges, representing security over certain assets (in rem securities) up to the amount of the value of their security, provided that such security is listed in the creditors' list (in this regard, the value of a security shall be 90% of the reasonable value of the secured asset determined in accordance with the rules provided for in the Spanish Insolvency Law minus senior claims). The part of the claim exceeding the value of their security will be classified according to the nature of the claim. Claims secured with pledges over future credit rights are only considered specially privileged if (i) the future credit rights arise from agreements or relationships established or executed prior to the declaration of insolvency; and (ii) (a) in the case of possessory pledges, the pledge was granted in a public document before the opening of the insolvency proceedings or, (b) in the case of non-possessory pledges (*prenda sin desplazamiento*), the pledge was registered with the applicable public registry before the opening of the insolvency proceedings.

These claims benefiting from special privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year from the declaration of the insolvency and certain additional limitations set forth in the Spanish Insolvency Law. However, within such waiting period or while any enforcement proceedings remain suspended under the Spanish Insolvency Law, the insolvency trustee has the option to pay the relevant claims against the insolvency estate under specific payment rules. Privileged creditors are not subject to Composition Agreement, unless they give their express support by voting in favor of the Composition Agreement or, in case they do not give such express support, if creditors holding security which represent at least 60% (or 75% depending on the conditions of the Composition Agreement) of the total value of secured claims of the same class vote in favor of such Composition Agreement. In the event of liquidation, they are the first to collect payment against the secured assets on which they are secured.

- (3) Claims benefiting from general privileges (*créditos con privilegio general*) include, among others, certain labor debts and certain debts with public administrations. Other debts with public administrations corresponding to tax debts and social security obligations and debts held by the creditor applying for the corresponding insolvency proceedings, to the extent such application has been approved, are recognized as privileged for up to 50% of the amount of such debts (excluding the claims classified as subordinated). New funds under a court-sanctioned Plan entered into in compliance with the requirements set forth in articles 635 et seq. of the Spanish Insolvency Law in the amount not admitted as a debt against the insolvency estate (*crédito contra la masa*) will also be credits with general privileges, as long as the claims affected by the approved Plan amount to 51% of the total liabilities at least (or to more than 60% of the total liabilities, if the new financing is granted by persons being in a special relationship with the debtor, after deducting the claims of those persons). The holders of general privileges are not to be affected by the Composition Agreement except if they give their express support by voting in favor of the Composition Agreement or, in the case they do not give such express support, if creditors holding claims benefiting from general privileges which represent at least 60% (or 75% depending on the conditions of the Composition Agreement) of the total value of claims benefiting from general privileges of the same class vote in favor of such Composition Agreement. If they do not agree to the arrangement and, in the event of liquidation, they are the first to collect payment (in the order established by law).
- (4) Ordinary claims (*créditos ordinarios*), consisting of non-subordinated and non-privileged claims, will be paid on a pro-rated basis from the proceeds of the assets not subject to secured claims, former pre-deduction of estate claims and generally privileged claims.

- (5) Subordinated claims (*créditos subordinados*) are thus classified contractually or pursuant to law. Debts subordinated by virtue of law include, among others, some credits held by parties in special relationships with the debtor (*personas especialmente relacionadas*). In the case of individuals, this includes their relatives, legal entities controlled by the debtor or its relatives, the factual or legal administrators of such legal entities, any other legal entity forming part of the same Group of companies and the legal entities in respect of which the people described in this paragraph are their factual or legal administrators. In the case of a legal entity debtor, the following shall be deemed as “specially related parties”: (i) shareholders with unlimited liability (in case such shareholders are natural persons it would include any specially related party to these shareholders, as described herein), (ii) limited liability shareholders holding, when the claim arises, directly or indirectly, 10% or more of the insolvent company’s share capital (or 5% if the company has securities listed on an official exchange market)—when the shareholder is an individual, those who would be specially related to the individual are also specially related to the debtor, (iii) directors (either *de jure* or *de facto*), liquidators and general directors holding general powers of attorney from the insolvent company (including those people that have held those positions during the two years prior to the insolvency declaration), and (iv) companies pertaining to the same Group as the debtor and (v) common shareholders to the insolvent debtor and to other company of the same group, provided such shareholders meet the minimum shareholding requirements set forth in (ii) above. Notwithstanding the above, creditors who have directly or indirectly capitalized their credit rights or were appointed as directors pursuant to a Plan entered into in compliance with the requirements set forth in articles 635 et seq. of the Spanish Insolvency Law or to a Composition Agreement shall not be considered as being in a special relationship with the debtor, in respect of credits against the debtor, as a result of the financing granted under such Plan or Composition Agreement. Furthermore, in the absence of evidence to the contrary, assignees or awardees of claims belonging to any of the persons mentioned in this paragraph are presumed to be persons specially related to the insolvent debtor as long as the acquisition has taken place within two years prior to the insolvency proceedings being declared open.

Subordinated creditors are second-level creditors: they are not entitled to accede to the Composition Agreement and in the event of liquidation, they collect payment according to the ranking established in the Spanish Insolvency Law (once ordinary creditors have been paid in full).

No termination effect

The general principle of “no termination effect” is established such that all agreements remain effective at the time of the insolvency. Therefore, the declaration of insolvency does not impair the existence of the contracts entered into by the debtor, which would remain in force. Any contractual arrangements establishing the termination, suspension or amendment of a contract with reciprocal obligations and/or entitling the relevant creditor to terminate it in the event of the declaration of insolvency of the debtor will be unenforceable.

As a general rule, the declaration of insolvency does not alter the general contractual rules on termination, but under the Spanish Insolvency Law, the judge may decide to remedy an eventual default of the insolvent party by reinstating an agreement, with the effect that any outstanding amounts and further payments under the agreement will be post-insolvency claims. If the court deems it appropriate for the interests of the insolvent party, it is also entitled to terminate an agreement, with compensation for damages if it deems it is best for the insolvency proceeding. There are specific rules for employment agreements, mainly affecting collective dismissals, which are dealt with by the insolvency judge. See section “Effects on Contracts” above for further information.

Hardening Periods

There is no automatic “claw-back” by virtue of law. Therefore, there are no prior transactions that automatically become void as a result of initiation of the insolvency proceedings. The insolvency trustee

may only challenge those transactions that could be deemed as being “detrimental” to the insolvent debtor’s estate, provided that they have taken place within two years prior to the insolvency filing, even in the absence of fraudulent intent.

The same rescission grounds apply in relation to any detrimental action carried out or agreement entered into by the debtor within two years preceding the pre-insolvency filing, as well as those carried out since that date up to the declaration of insolvency, even if there has been no fraudulent intent, as long as: (i) the Plan has not been passed or, when passed, has not been approved by the Court; and (ii) the insolvency is declared within a year from the end of the pre-insolvency period.

“Detriment” does not refer to the intention of the parties, but to the consequences of the transaction on the debtor’s interests or on the equality of treatment among creditors. The analysis of whether an action, agreement or transaction is detrimental to the insolvency estate must be made on a case-by-case basis. The Spanish Insolvency Law does not define “detrimental” but it establishes a series of presumptions that give some indication as to how a court would rule in specific cases. Pursuant to the law, (a) detriment exists (as a non-rebuttable presumption, without admission of proof to the contrary) in the case of (i) disposals without consideration, except for ordinary largesse (*liberalidades de uso*) and (ii) early payment of unsecured obligations maturing after the insolvency declaration (except secured claims); and (b) detriment is deemed to exist (as a rebuttable presumption) in the case of (i) transactions entered into with parties that have a special relationship with the debtor, (ii) the creation of *in rem* rights in order to secure pre-existing obligations or those incurred to replace existing obligations, and (iii) the cancellation of obligations secured by an *in rem* security falling due after the declaration of insolvency. In the remaining cases, detriment would have to be evidenced by the party seeking rescission.

Guarantees or security interests granted by a Spanish company in favor of a third party, to secure other group companies’ debt may be subject to claw-back, on the basis that such guarantees or security interests may be considered as detrimental to the guarantor’s estate, if a Spanish Guarantor is not able to show that there was a tangible and identifiable corporate benefit for the Spanish Guarantor to grant such guarantee or security (beyond an abstract group interest or general mentions to pertinence to the same Group of companies or the so-called “*group interest*”). Whether or not the granting of any upstream guarantee or security by a Spanish Guarantor is detrimental to the guarantor’s estate is a factual matter that will need to be proven on a case-by-case basis (the beneficiary of the guarantee bearing the burden of such proof). Recent Spanish rulings which do not constitute settled case law indicate, and certain scholars, understand that risk associated with a guarantee or the value of a security interest provided by a Spanish company to guarantee or secure indebtedness held by other companies within its corporate group must be reasonable and economically and operationally justified from the Spanish company’s perspective and justified under the corporate interest of such company. Notwithstanding the foregoing, Spanish case law recognizes the validity of upstream guarantees.

Case law has sustained that, when the parties had envisaged the creation of the security at the time of granting the financing, if there is a solid business reason to delay the constitution of the security, damage would not exist. In this sense, the Court ruling from Commercial Court no. 1 of Oviedo, dated February 18, 2010 (AC 2010\525) indicated that “in order to value if a security is contextual to the creation or birth of the claim, it must be verified if the transactions that gave rise to granting the claim and the security were conceived by the parties simultaneously, hence reducing any importance given to the temporary delays there may be in order to technically grant the security”.

If a claw-back action is successful, restoration of the assets that are the subject of the transaction, together with the proceeds and interest, will be ordered by the judge. If the assets cannot be restored to the debtor, the counterparty to the insolvent debtor must pay an amount in cash equal to the value of the assets at the time of their disposal, plus interest. If the judge rules that the transaction has been conducted in bad faith, the liable party will be obligated to indemnify the debtor for loss and damages suffered as its claim will be classified as subordinated. If the judge does not conclude that the transaction was conducted in bad faith,

the counterparty to the debtor will settle its credit simultaneously with the restoration of the assets and rights to the insolvency estate as per bilateral contracts.

The consequence of the court resolution rescinding a prejudicial act is that the parties involved are required to return their reciprocal consideration with any accrued rents or interest (concerning bilateral contracts, otherwise, the only party obliged to return is the non-insolvent one). Such claims are generally regarded as estate claims unless in case of bad faith of the relevant creditor in which case its claims will be subordinated.

Notwithstanding the foregoing, pursuant to article 16 of the EU Insolvency Regulation and 730 of the Spanish Insolvency Law, acts and transactions governed by laws other than Spanish law will not be subject to claw-back actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (i.e., not only in insolvency scenarios) under the relevant non Spanish applicable laws. Procedurally, there is no safe harbor against a lawsuit being filed and lenders being served to appear before Spanish courts, but the lawsuit should be dismissed on the merits if lenders prove (i) that the act or transaction at issue is subject to foreign law and (ii) that such act or transaction is unavoidable under the circumstances pursuant to that foreign law.

The exercise of claw-back actions does not prevent other actions against the debtor in accordance with law, which may be brought before the insolvency judge.

Under no circumstances can the following be rescinded: (i) ordinary transactions carried out within the debtor's ordinary course of the business, provided that they are carried out under market conditions, (ii) actions contemplated in the specific legislation regarding systems of payment, set-off or liquidation of values and derivative instruments, (iii) guarantees constituted in favor of public law creditors or credits in favor of the labor authorities, and (iv) transactions subject to foreign law in case the beneficiary of the transaction can prove that such transaction cannot be rescinded under the law to which it is subject to. The amended Spanish Insolvency Law has also included among the transactions that cannot be subject to claw-back any transactions acknowledging and paying public law credits to mitigate the debtor's liability pursuant to the applicable criminal laws.

Neither Plans nor any transactions, acts and payments accomplished or any guarantees instituted in the performance of such Plans will be subject to claw-back actions, provided that they comply with the requirements set out below in section "*Protection of Certain Plans Against Claw-back*".

Fraudulent Conveyance Laws

Under Spanish law, in addition to the insolvency claw-back action, the insolvency trustee and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against its debtor and the third party which is a party to such contract or agreement, provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;
- such act was fraudulent;
- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed (as opposed to claw-back actions where the subjective component or fraud does not have to be proven). Pursuant to article 1,297 of the Spanish Civil Code (i) agreements by virtue of which the debtor transfers assets for no consideration and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is a *juris et de jure* presumption (cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is a *juris tantum* presumption (a rebuttable presumption).

If the rescission action were to be upheld, the third party would be liable to return the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

The legal time frame for bringing a civil rescission claim is four years.

Protection of Certain Plans Against Claw-back

Certain Plans may be protected from claw-back risk provided that they comply with certain requirements.

In order to seek protection against claw-back, Plans can be judicially sanctioned (*homologado*) by the Commercial Court (*Juzgado de lo Mercantil*) that will be competent to conduct a potential insolvency proceeding, upon request by the debtor or by any creditor having entered into such Plan.

If the Plan affects claims that represent at least 51% of the debtor's total liabilities, the following will not be subject to claw-back unless it is proven that they were made with an intent to defraud creditors:

- (1) actions and transactions that were "reasonable" and "immediately necessary" for the successful negotiation of the Plan, if expressly identified as such in the Plan.

Any payment of (i) fees or costs in relation to negotiating, signing or confirming the Plan; (ii) fees for legal and professional advice with close relationship with the restructuring; (iii) employee salaries for completed work; and (iv) other amounts in the ordinary course of the debtor's business activity, will be deemed to be protected actions and transactions;

- (2) interim and new money:

- Interim money: new financing granted to the debtor that is reasonable and immediately needed to (i) ensure that the debtor's activity continues totally or partially while the Plan is being negotiated (and until a Court approves it); or (ii) maintain or increase the value of the debtor's business or business units.
- New money: new financing granted to the debtor that is provided for in the Plan and is necessary for its implementation.

Interim and new money may benefit from two effects:

- (i) Protection against claw-back under the same terms as any other actions or transactions resulting from the Plan. As a special rule, in order to protect interim or new money lent by a "specially related party" to the debtor from claw-back, the claims affected by the Plan (after deducting any claims held by specially related parties) must represent more than 60% of the debtor's liabilities. Otherwise, they will be subject to the ordinary claw-back regime.
- (ii) Preferential treatment for repayment of interim or new money: in the event of the debtor's insolvency, 50% of the interim or new money provided in the framework of a court-approved

Plan will be treated as a claim against the estate (*crédito contra la masa*). The remaining 50% will be treated as a generally privileged claim (*crédito con privilegio general*).

This preferential treatment will only apply if the claims affected by the Plan exceed the minimum thresholds described above with respect to the debtor's total liabilities (i.e., 51% in general, and 60% (after deducting any claims held by specially related parties) if interim or new money is granted by a "specially related party" to the debtor).

(3) actions and transactions that are reasonable and immediately necessary to implement the Plan.

If the Plan affects claims that represent less than 51% of the debtor's total liabilities, the actions and transactions described above may still be subject to claw-back, but none of the rebuttable presumptions of detriment explained in section "*Hardening Periods*" will apply. Therefore (as long as none of the non-rebuttable presumptions apply), the insolvency administrator or the creditor requesting the claw-back will need to evidence the detriment.

Court approval of a Plan may be sought merely to ring-fence it from potential claw-back if the debtor becomes insolvent (i.e., without seeking to cram down dissenting creditors). The Court will verify that the relevant majorities required for court approval are met prior to approving the Plan.

Judicially sanctioned Plans will not be subject to the insolvency claw-back action, but they may be challenged pursuant to general fraudulent conveyance law.

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the Plan if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. In any case, if the relevant threshold is satisfied, the plan will be deemed approved by the total amount of the creditors subject to the syndicated instrument. If the threshold is not satisfied, votes of consenting creditors will be taken into account on an individual basis, unless the syndicated claims constitute a single class of creditors (in which case it will be deemed that that class has not approved the Plan). In addition, dissenting creditors under a syndicated instrument can challenge the restructuring plan before the Courts.

A Plan can be approved either by all classes of creditors (if certain majorities are reached within each class (consensual plans) or not by all classes of creditors (non-consensual plans or cross-class cram-down). For the latter to happen, the Plan must meet one of the following two requirements: (a) it must be supported by a simple majority of the classes, provided at least one of those classes is composed of claims that would benefit from a general or special privilege (i.e., secured claims) if the debtor were declared insolvent; or, failing that, (b) it must be supported by at least one of the classes that is "in the money" (i.e., any class that could, upon a valuation of the debtor as a going concern by the restructuring expert, be reasonably presumed to receive any payment according to the ranking of liquidation priorities applicable under the Spanish Insolvency Law). The Plan can only be imposed on the shareholders if the company is in a situation of imminent or current insolvency.

Following the above, a dissenting creditor belonging to a dissenting class subject to a haircut will be allowed to challenge the Plan based on, among others, a more junior class (or the equity holders) receiving any payment from –or maintaining any interest in– the debtor under the Plan (i.e., the absolute-priority rule). The Spanish Insolvency Law, however, contains certain exceptions to the absolute-priority rule (it can be derogated in order to ensure the viability of the company and that the affected creditors' claims would not be unjustifiably prejudiced).

The effects of a cross-class cram-down are subject to some practical limitations. If the Plan affects a class of claims secured by rights *in rem*, and that class has rejected the Plan by a majority of dissenting votes over favorable votes, any secured dissenting creditor of that class will have the right to:

- (1) enforce the underlying security interest (which will accelerate the underlying secured claim) within a month of the Court ruling approving the Plan being published in the Public Insolvency Register (*Registro Público Concursal*). If the proceeds obtained from the enforcement are
 - (i) lower than the security value of the collateral set out in the Plan, the creditor will keep those proceeds in full (security value = 90% of “reasonable value” – legally preferred claims). Any deficit will remain unsatisfied; or
 - (ii) higher than the security value collateral set out in the Plan, but lower than the original claim, the creditor will keep those proceeds in full. Any excess will be deducted from the amounts that the creditor’s unsecured part of the claim would be entitled to receive pursuant to the Plan; or
- (2) only if expressly provided in the Plan, wait to receive a cash payment for the amount of the secured claim that is covered by the security value of the collateral within no more than 120 days. If payment is not received in a timely manner, the affected creditor will be entitled to enforce the security interest.

Liquidation

Failure to obtain the approval of a creditors’ arrangement plan (or upon debtor’s petition at any time) leads to liquidation. The debtor must file for liquidation after a creditors arrangement proposal has been approved when it becomes aware of its renovated insolvency situation or its inability to comply with the Plan. Liquidation triggers company dissolution and the insolvency administrator stepping into the directors’ shoes. Liquidation is moreover an acceleration and cash conversion event.

Spanish Insolvency Law contains certain general rules of liquidation to be followed by the insolvency trustee, which can be modified or replaced by the judge on a case-by-case basis, subject to a hearing of or report from the trustee (to be issued within 10 calendar days) (special rules). The insolvency administrator is required to report quarterly on the liquidation and has one year to complete it. If the liquidation is not completed within one year, the Court may appoint a different insolvency administrator.

Termination of the insolvency proceedings

Section 5º of article 465 of the Spanish Insolvency Law also foresees the termination of the insolvency proceeding at any stage when it is proven that all credits have been paid, or that all creditors have been entirely satisfied by other means.

Finally, it must be noted that section 7º of article 465 and article 473 of the Spanish Insolvency Law foresees the termination of the insolvency proceeding at any time when assets are not enough to pay post insolvency debt, so long as no future claw-back actions are envisaged, nor actions claiming liability to third parties, nor the assessment of the proceeding as guilty.

Limitation on validity and enforcement of guarantees granted by any Spanish subsidiary.

Under Spanish law, personal claims may become time-barred (5 years since the obligation becomes enforceable being the general term established for obligations *in personam* under article 1,964 of the Spanish Civil Code) or may be or become subject to the defense of setoff or counterclaim. In addition, article 1,851 of the Spanish Civil Code establishes that an extension granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee (in the sense that it is limited to the original term, although case law has established exceptions where the extension benefits both the debtor and the guarantor).

A guarantee such as the guarantee granted by the Spanish Guarantors will be null if the obligations it secures are declared null. The enforcement of guarantees may be limited since the guarantor may not be required to pay any amount in excess of the amount owed by the principal debtor or under conditions that are less favorable than those applying to the principal debtor.

The terms “enforceable,” “enforceability,” “valid,” “legal,” “binding” and “effective” (or any combination thereof) mean that all the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular, enforcement before the courts will in any event be subject to:

- the nature of the remedies available in the courts;
- Spanish public policy (overriding mandatory provisions);
- the availability of defenses such as (without limitation), setoff (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, statute of limitations, undue influence, fraud, duress, abatement and counter-claim; and
- the obligations under guarantees granted by a Spanish Guarantor in the form of a *sociedad anónima* shall (i) not extend to any obligation incurred by any company of the group for the purposes of (a) acquiring shares representing the share capital of such Spanish Guarantor or shares representing the share capital of the holding company of such Spanish Guarantor (or, in case of private limited liability companies (*sociedades de responsabilidad limitada*), also shares representing the share capital of any entity of its group); or (b) refinancing a previous debt incurred by any company of the group for the acquisition of shares representing the share capital of such Spanish Guarantor or shares representing the share capital of the holding company of such Spanish Guarantor (or, in case of private limited liability companies (*sociedades de responsabilidad limitada*), also shares representing the share capital of any entity of its group), and shall (ii) be deemed not to be undertaken or incurred by a Spanish Guarantor to the extent that the same would constitute unlawful financial assistance within the meaning of article 150 (for Spanish public limited companies (*sociedades anónimas*)) or article 143 (for the Spanish private limited liability companies (*sociedades de responsabilidad limitada*) of the Spanish Companies Act, and, in no case, can any of the Guarantees or security interests given by a Spanish Guarantor secure repayment of the above-mentioned funds.

For the purposes of the paragraph above, a reference to a “holding company” of a Spanish Guarantor shall mean the company which, directly or indirectly, owns the majority of the voting rights of such Spanish Guarantor or that may have a dominant influence on such Spanish Guarantor. It shall be presumed that one company has a dominant influence on another company when any of the scenarios set out in section 1 of article 42 of the Spanish Commercial Code (*Código de Comercio*) are met.

United States

Certain of the Guarantors are organized under the laws of the United States, have their registered offices in the United States or currently have, or may in the future have, property located in the United States (each such Guarantor, a **“U.S. Provider”**). Insolvency proceedings may, therefore, be initiated in respect of one or more of the U.S. Providers in the United States. U.S. law would then govern those proceedings. A voluntary bankruptcy case may be commenced by us in respect of a U.S. Provider, or an involuntary bankruptcy case could be commenced against a U.S. Provider by certain creditors, in each case as provided under title 11 of the United States Code (the **“U.S. Bankruptcy Code”**). The Issuers and direct or indirect subsidiaries of the Issuers that are not U.S. Providers may also be eligible to be debtors in cases under the U.S. Bankruptcy Code where, among other things, they have now or later acquired property located in the United States.

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer laws, under certain circumstances:

- (i) the issuance of the Note Guarantees by the U.S. Providers could be avoided or set aside;
- (ii) the holders of the Notes could be required to repay certain amounts received in connection with a Note Guarantee;
- (iii) claims in respect of such obligations or liens could be subordinated to some or all of the other debts and other liabilities of a U.S. Provider; and
- (iv) the right of a security trustee to repossess and dispose of collateral, if any, of a U.S. Provider upon an event of default under the Indenture governing the Notes will be governed by the U.S. Bankruptcy Code if such U.S. Provider commences U.S. bankruptcy proceedings before such repossession or disposal occurs.

Federal and State Insolvency Proceedings

U.S. Providers may be subject to federal bankruptcy laws under the U.S. Bankruptcy Code or applicable state law insolvency proceedings. Proceedings under the U.S. Bankruptcy Code vary and provide a debtor with discretion in its pursuit of a liquidation or reorganization strategy. The U.S. Bankruptcy Code provides a detailed statutory framework that, among other things, contains terms or provisions relating to: (a) the administration of a bankruptcy case, including the provision of “adequate protection” to secured creditors to protect against the diminution in value of their collateral, the automatic stay, terms for the use, sale or lease of property, standards for obtaining credit and the treatment of executory contracts and leases; (b) creditors and claims, including filing proofs of claim, priority and allowance of claims, rights of secured creditors and subordination of claims; (c) provisions relating to the creation of the bankruptcy estate, including the scope of property of the estate and turnover and avoidance actions; and (d) liquidation under chapter 7 of the U.S. Bankruptcy Code; reorganization under chapter 11 of the U.S. Bankruptcy Code; and ancillary and crossborder insolvency cases under chapter 15 of the U.S. Bankruptcy Code.

As a general matter, chapter 7 of the U.S. Bankruptcy Code provides for the orderly liquidation of the debtor’s assets by a trustee, while chapter 11 of the U.S. Bankruptcy Code is available to debtors who seek to rehabilitate their businesses and work out their obligations to creditors. Unlike in chapter 7, the debtor in a chapter 11 case typically remains in control and continues to operate its business during the course of the bankruptcy case. In addition, “liquidating” chapter 11 cases are a frequently utilized alternative to chapter 7 liquidations, especially where the conversion of a pending chapter 11 case to a case under chapter 7 might prove prohibitively expensive or in an instance when a debtor expects to sell all or substantially all of its assets.

A detailed summary of all of the provisions of the U.S. Bankruptcy Code or of potential outcomes in a U.S. bankruptcy case that could impact the Notes, collateral (if any) or the Notes Guarantees is not contained herein given that U.S. bankruptcy cases tend to be fact-specific and vary case by case, and given that legal analysis on U.S. bankruptcy law matters unavoidably have inherent limitations that generally do not exist in respect of non-bankruptcy issues. These inherent limitations exist primarily because of the pervasive equity powers of U.S. bankruptcy courts under the U.S. Bankruptcy Code, the overriding goal of reorganization to which other legal rights and policies may be subordinated, the potential relevance to the exercise of judicial discretion of future arising facts and circumstances which cannot be known at this time, and the nature of the U.S. bankruptcy process.

With respect to proceedings under any applicable state insolvency laws (e.g., assignments for the benefit of creditors, receiverships or other state liquidation mechanisms and/or dissolution mechanisms), the effects and extent of these proceedings are fact-specific, vary from state to state and require an examination of both statutory and common law, the details of which also are not described herein. To the

extent more information is required, potential investors in the Notes should consult an insolvency professional familiar with U.S. and the applicable state insolvency laws.

Delay and Risks Associated in a Federal Bankruptcy Proceeding

If a bankruptcy proceeding were to be commenced under the U.S. Bankruptcy Code by or against any U.S. Provider, it is likely that delays would occur in enforcing the Notes Guarantees or any collateral granted by the bankrupt U.S. Provider, because of specific provisions of such laws or by a court applying general principles of equity. Aspects of federal bankruptcy laws or general principles of equity that could result in the impairment of rights include, but are not limited to:

- the “automatic stay” (i.e. a pervasive worldwide injunction that prohibits actions by third parties against the debtor and its assets wherever located (including any enforcement action), which becomes effective immediately upon the filing of a bankruptcy case and remains in effect until the company emerges from bankruptcy), subject to certain exceptions;
- avoidance of preferential or fraudulent transfers by a trustee or debtor in possession or by another party with standing to do so on behalf of the debtor's estate;
- substantive consolidation of the assets and liabilities of multiple entities;
- limitations on collectability of unmatured interest or attorney fees; and
- forced restructuring of the obligations of the bankrupt company including obligations under the Notes and the Notes Guarantees, including reduction of principal amounts and interest rates and extension of maturity dates, over the objections of holders of the Notes.

Automatic Stay

As an initial matter, the commencement of a bankruptcy case creates an automatic stay, applicable to all creditors, of all litigation against the debtor or the debtor's assets (wherever located) and efforts to collect prepetition claims, enforce existing liens or impose new liens, subject to limited exceptions. The purpose of the stay is to provide the chapter 11 debtor time to reorganize and the chapter 7 trustee protection under which to liquidate in an orderly fashion the debtor's assets for the benefit of creditors. The automatic stay is also intended to shield a debtor from the pressures of creditor collection efforts. Among other things, the automatic stay prohibits (a) all collection efforts by creditors, (b) the enforcement of prepetition judgments against the debtor or property of the estate, (c) any act to create, perfect or enforce a lien against property of the estate and (d) the setoff of prepetition debts owing to the debtor against debts owing by the debtor. The automatic stay ordinarily does not bar suits against nondebtor guarantors or coobligors, nor does it enjoin payment under a letter of credit issued by a bank in favor of a creditor of the applicable debtor. Applicable federal bankruptcy laws generally do not permit the payment or accrual of interest, costs and attorneys' fees for unsecured or “undersecured” claims.

Fraudulent transfer issues

Under the U.S. Bankruptcy Code and comparable provisions of state fraudulent transfer, fraudulent conveyance, or voidable transactions laws (collectively, “**U.S. Fraudulent Transfer Laws**”), the incurrence of obligations under the Note Guarantees or grant of security interests in the Collateral by any U.S. Provider could be avoided if, among other things, a court determined that at the time the U.S. Provider entered into the Note Guarantees (or, in some jurisdictions, when payment becomes due under a relevant Note Guarantee) or granted the security interests in Collateral, such U.S. Provider (i) incurred the obligations under the Note Guarantee or granted security interests in collateral (if any) with actual intent of hindering, delaying or defrauding creditors or (ii) received less than reasonably equivalent value or fair consideration in return for incurring such obligations or granting such security interests, in the case of (ii) only, one of the following is also true at the time thereof:

- such U.S. Provider was insolvent or rendered insolvent by reason of the incurrence of obligation under the Note Guarantee or the grant of security interests in collateral;
- the incurrence of obligations under the Note Guarantee or grant of security interests in collateral left such U.S. Provider with an unreasonably small amount of capital to carry on our or its business; or
- such U.S. Provider intended to, or believed that it would, incur debts beyond its ability to pay such debts as they mature.

A U.S. court would likely find that a U.S. Provider did not receive reasonably equivalent value or fair consideration for the incurrence of obligations under a Note Guarantee or the grant of security interests in Collateral if such U.S. Provider did not benefit directly or indirectly from the same. Given that the Note Guarantees furnished by the U.S. Providers are upstream guarantees, there is a risk that a U.S. court may determine that one or more of the U.S. Providers did not receive reasonably equivalent value in return for entering into the Note Guarantees and granting security interests in collateral.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, a U.S. Provider would be considered insolvent if:

- the sum of its debts, including probable contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

However, there can be no assurance as to what standard a court may apply in making solvency determinations, and different courts may reach different conclusions with regard to these issues. In an evidentiary ruling in the *In re W.R. Grace & Co.* bankruptcy case, the U.S. Bankruptcy Court for the District of Delaware held that under the Uniform Fraudulent Transfer Act, whether a transferor is rendered insolvent by a transfer depends on the actual liabilities of the transferor, and not what the transferor knows about such liabilities at the time of the transfer. Therefore, under that court's analysis, liabilities that are unknown, or that are known to exist but whose magnitude is not fully appreciated at the time of the transfer, may be taken into account in the context of a future determination of insolvency. If the principle articulated by that court is upheld, it would make it very difficult to know whether a transferor is solvent at the time of transfer, and would increase the risk that a transfer may in the future be found to be a fraudulent transfer.

If the Note Guarantees were avoided or limited under U.S. Fraudulent Transfer Laws or other laws, any claim you may make against the relevant U.S. Provider in relation to amounts payable in connection with the Notes, the Note Guarantees, or any collateral would be unenforceable to the extent of such avoidance or limitation. Moreover, the court could order you to return any payments previously made by U.S. Provider in connection with any such avoidance or limitation.

By their terms, the Note Guarantees of each U.S. Provider will limit that U.S. Provider's liability under the relevant Note Guarantee to the maximum amount it can pay without the Note Guarantee being deemed a fraudulent transfer. However, these provisions contained in the Note Guarantees may not be effective to protect the guarantees from being avoided under U.S. Fraudulent Transfer Laws, or may reduce a U.S. Provider's payment obligations to an amount that effectively makes its guarantee of the Notes issued hereby worthless.

In addition to the avoidance power that may be exercised in a U.S. bankruptcy, claims in respect of liens or obligations evidenced by the Note Guarantees or any collateral may, in certain circumstances, be subordinated under the equitable subordination provisions of the U.S. Bankruptcy Code.

Preference issues

Any payment made or pledge of collateral to a creditor on account of preexisting debt in favor of only certain creditors might be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge allows the pledgee to receive a greater recovery than it would otherwise receive in a hypothetical Chapter 7 liquidation and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

Right of Debtor-in-Possession to Remain in Control of Collateral and the Bankruptcy Process

An entity that becomes a debtor under chapter 11 of the U.S. Bankruptcy Code remains in possession of its property and is authorized to operate and manage its business as a “debtor-in-possession”, subject to certain limitations. This remains the case unless a chapter 11 trustee is appointed or the chapter 11 case is converted to a liquidation case under chapter 7 of the U.S. Bankruptcy Code.

The U.S. Bankruptcy Code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable instruments, provided that the secured creditor is given “adequate protection” of its interest in the debtor’s property. The term “adequate protection” is not defined in the U.S. Bankruptcy Code. Adequate protection may include the debtor making periodic cash payments to the secured creditor, providing additional or replacement liens or granting other relief, in each case to the extent that the collateral decreases in value during the pendency of the bankruptcy case as a result of, among other things, the use, sale or lease of such collateral or the imposition of the automatic stay. The type of adequate protection provided to a secured creditor may vary based on the circumstances. A U.S. bankruptcy court may determine that a secured creditor is not entitled to additional adequate protection for diminution in the value of its collateral if the value of the collateral exceeds the amount of the debt that it secures.

Only the debtor in a chapter 11 bankruptcy case may propose a plan of reorganization within the first 120 days of the case and only the debtor may solicit votes on its chapter 11 plan within the first 180 days of the case. The U.S. bankruptcy court may reduce or enlarge these periods. The 120-day period could be extended for up to 18 months after a chapter 11 filing, while the 180-day period could be extended for up to 20 months after a chapter 11 filing. During these “exclusive periods,” other parties including secured creditors would be precluded from proposing or soliciting acceptances of their own chapter 11 plans.

In consideration of the automatic stay, the lack of precise definition of the term “adequate protection”, the exclusive periods, and the broad discretionary power of the bankruptcy court, it is impossible to predict:

- whether or when a holder of the Notes could enforce its rights;
- the value of the collateral at the time of the bankruptcy petition or at the time a chapter 11 plan is proposed or confirmed; or
- whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of any collateral through the provision of “adequate protection.”

Obtaining New Credit

The U.S. Bankruptcy Code permits a debtor-in-possession or trustee in a chapter 11 case to obtain an extension of new credit from an existing lender or from a new lender. The bankruptcy court may, depending on the facts and circumstances, authorize the debtor-in-possession or trustee to obtain new credit or incur new debt that is secured by a lien that is senior or equal to existing liens. In other words, it is possible that

in connection with a chapter 11 case of one or more of the U.S. Providers, such U.S. Providers would be permitted to incur new debt that is secured by a lien that is senior or equal to the liens that exist at the time of the chapter 11 filing.

Ability to Confirm a Chapter 11 Plan Notwithstanding the Dissenting Votes of Creditors

Under the U.S. Bankruptcy Code, a chapter 11 plan can be imposed on a creditor or equity holder (or class of creditors or equity holders) that does not accept the plan. A chapter 11 plan provides for the comprehensive treatment of all claims asserted against the debtor and its property, and may provide for the adjustment or extinguishment of equity interests. Claims and interests may be classified by type with other claims or interests that are substantially similar. Only those classes of claims and interests impaired by the plan, but still entitled to some distribution under the plan, may vote to accept or reject such plan. Classes of claims and interests that are unimpaired are not entitled to vote on the plan, and are deemed to accept it. Classes of claims and interests that receive no distributions under the plan are not entitled to vote on the plan, and are deemed to reject it.

A class of claims is deemed to accept the plan if more than one-half in number of claims holders and two-thirds in claims amount that vote in that class vote in favor of the plan. A plan can be confirmed by the U.S. bankruptcy court over the dissenting votes of members of a class that accepts the plan overall. Furthermore, even if one or more impaired classes reject the plan, it may still be confirmed, subject to specific statutory requirements, in accordance with the “cram-down” provisions of the U.S. Bankruptcy Code, so long as the plan (i) does not discriminate unfairly and (ii) is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan. This could allow the debtor or other plan proponent to confirm its plan notwithstanding the plan’s non-acceptance by one or more dissenting classes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Purchase Agreement dated March 26, 2025, the Issuer has agreed to sell the Notes to the Initial Purchasers, and the Initial Purchasers have agreed to purchase the Notes from the Issuer.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer has agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date that is 45 days after the date of the Purchase Agreement, without the prior written consent of the representatives of the Initial Purchasers.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Purchase Agreement, it will not offer or sell the Notes as part of their distribution at any time within the United States, and it will have sent to each dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

The Initial Purchasers have represented, warranted and agreed that they have:

- only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to any Notes in, from or otherwise involving the United Kingdom.

The Notes are a new issue of securities for which there currently is no market. We intend to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market thereof; however, we cannot assure that such listing will be maintained.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. A Distributor should take

into consideration the manufacturers' target market assessment; however, and without prejudice to the obligations of the Issuer in accordance with MiFID II, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes described herein in any Member State will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes described herein in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to "consumers" (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended from time to time.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with this Offering and to reimburse them for certain out of pocket expenses. The Issuer and each Guarantor has also agreed to indemnify and hold harmless the Initial Purchasers against certain liabilities or to contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure that any market for the Notes will

develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

The Stabilizing Manager, on behalf of the Initial Purchasers, may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, the Stabilizing Manager, or a person acting on their behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also over-allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See *“Risk Factors—Risks Related to the Group’s Indebtedness and the Transactions—There is no established trading market for the Notes and no assurance that the holders of the Notes will be able to sell them.”*

These stabilizing transactions and covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilizing Manager. If these activities are commenced, they must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, investment banking, financial advisory, M&A advisory, investment management, principal investment, commercial lending (including but not limited to supplier financing or letters of credit), hedging, real estate assets valuation, acting as lenders under the Revolving Credit Facility, cash management, factoring, foreign exchange, high-yield bond issuance, financing and brokerage activities. Certain of the Initial Purchasers or their respective affiliates from time to time have provided or are currently providing, and may in the future provide, commercial lending (including but not limited to supplier financing or letters of credit), investment banking, hedging, consulting, M&A advisory and financial advisory services to the Issuer and its subsidiaries and affiliates for which the Initial Purchasers have received, and in the future may receive, customary fees and expenses. In particular, certain of the Initial Purchasers (or their affiliates) are lenders to and/or have outstanding hedging agreements with companies in our Group, and may receive a portion of the proceeds of the Offering as a result of repayment of existing debt as described in *“Use of Proceeds.”* Certain of the Initial Purchasers (or their affiliates) are mandated lead arrangers and/or lenders to the Issuer under the Revolving Credit Facility Agreement and may receive customary fees for their services in such capacities. Certain of the Initial Purchasers (or their affiliates) may also enter into new hedging agreements with us in connection with the Offering. Typically, the Initial Purchasers and their respective affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or

short positions could adversely affect future trading prices of the Notes offered hereby. In the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investments and securities activities may involve securities and/or instruments of the Issuer or its subsidiaries or affiliates. Moreover, the Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments. The Initial Purchasers or their respective affiliates may also receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes.

In addition, certain Initial Purchasers or their respective affiliates may hold the Existing 2026 Notes, which are subject to the Tender Offer, and may tender (and receive consideration for) such notes pursuant to the terms of the Tender Offer or receive payment in connection with any redemption or satisfaction and discharge of such notes if any such notes remain outstanding following the Tender Offer. Goldman Sachs Bank Europe SE is acting as dealer manager in the Tender Offer and will request brokers, dealers, commercial banks, trust companies and other nominees to forward the Tender Offer Memorandum and related materials to beneficial owners of the Existing 2026 Notes. Additionally, an affiliate of Goldman Sachs Bank Europe SE may receive commissions in connection with the Segregated Account.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

We have not registered and will not register the Notes or the Guarantees under the Securities Act or any state securities laws and, therefore, the Notes may not be offered, sold or otherwise transferred within the United States or to (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, we are offering and selling the Notes to the Initial Purchasers for reoffer and resale only outside the United States in offshore transactions in accordance with Regulation S that, in each case, will hold the Notes in an Exempt Account with the NBB-SSS (either directly or indirectly through a participant in the NBB-SSS (including Euroclear and Clearstream).

We use the terms “offshore transaction” and “United States” with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

- (a) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes and Guarantees have not been and will not be registered under the Securities Act and that if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 904 of Regulation S under the Securities Act and in each case in compliance with the conditions for transfer set out below.
- (b) You are not our “affiliate” (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are purchasing Notes in an offshore transaction in accordance with Regulation S.
- (c) You acknowledge that none of the Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, or the Initial Purchasers, or any person representing any of them, have made any representation to you with respect to the offering or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making its investment decision with respect to the Notes. You acknowledge that no person other than the Issuer makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us, the Issuer and our subsidiaries and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from the Issuer and the Initial Purchasers.
- (d) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Regulation S or any other exemption from registration available under the Securities Act.

Each purchaser acknowledged that each Note will contain a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS OR OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (a) You agree that you will, and each subsequent holder is required to, give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes (if then applicable).
- (b) You acknowledge that the Issuer will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to the Issuer that the restrictions set forth therein have been complied with.
- (c) You acknowledge that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.
- (d) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, any of the Guarantors or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “*Plan of Distribution*.”
- (e) You understand that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined above) in the EEA, and (ii) no key information document (as defined in the PRIIPs Regulation) for offering or selling any in scope instrument or otherwise making such instruments available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful.
- (f) You understand that: (i) the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined above) in the U.K., and (ii) no key information document (as defined in the U.K. PRIIPs Regulation) for offering or selling any in-scope instrument or otherwise making such instruments available to retail investors in the U.K. has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the U.K. may be unlawful.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Linklaters LLP as to matters of Belgian law, English law, French law, German law, Italian law, Polish law, Spanish law and U.S. federal and New York state law; and by Kocián Šolc Balašík, advokátní kancelář, s.r.o. as to matters of Czech law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham and Watkins LLP as to matters of English law, French law, German law, Italian law, Spanish law and U.S. federal and New York state law; and by Stibbe BV/SRL as to matters of Belgian Law.

INDEPENDENT AUDITORS

The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 included in this Offering Memorandum were subject to an audit by PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL, the Issuer's independent auditors for those years.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF Market thereof, in accordance with the rules and regulations of that exchange. Our organizational documents will be deposited at the registered office of the Issuer, located at Korte Keppestraat 21, 9320 Erembodegem (Aalst), Belgium, where such documents may be examined and copies obtained. They may be inspected by any interested person at the registered office of the Issuer.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, physical copies of the following documents in English may be inspected and obtained free of charge at the offices of the Paying Agent during normal business hours on any weekday (Saturdays, Sundays, public holidays excluded):

- the organizational documents of the Issuer;
- the organizational documents of each of the Guarantors;
- the consolidated financial statements included in this Offering Memorandum;
- our most recent audited consolidated financial statements;
- this Offering Memorandum;
- the Indenture, which includes the form of the Notes; and
- the contracts relating to the Guarantees.

The Issuer has named Citibank Europe plc as Paying Agent and Registrar, Citibank Europe plc as Transfer Agent and BNY Mellon Corporate Trustee Services Limited as Trustee. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and, if so required by the internal rules and regulations of the Luxembourg Stock Exchange, will publish a notice of such change of appointment in accordance with the Conditions.

It is expected that the total expenses relating to the application for admission of the Notes to the Official List of the Luxembourg Stock Exchange and for admission of the Notes to trading on its Euro MTF Market will be approximately €8,500 (excluding VAT and disbursements).

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Euro MTF Market, including if necessary to avoid any new withholding taxes in connection with the listing.

Litigation

Except as disclosed elsewhere in this Offering Memorandum, there has been no material adverse change in the Issuer's financial position since December 31, 2024 (being the last day of the period in respect of which the Issuer published its latest audited consolidated financial statements) and we are not involved and have not been involved during the 12 months preceding the date of this Offering Memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as we are aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Adverse Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the Issuer's consolidated financial and trading position since December 31, 2024 (being the last day of the period in respect of which the Issuer published its latest audited consolidated financial statements).

Clearing Information

The Notes have been accepted for settlement through the securities settlement system operated by the National Bank of Belgium. The Notes will have ISIN number BE6362174417 and Common Code 304427949.

Legal Information

The Issuer

The Issuer is a publicly listed limited liability company (*naamloze vennootschap/société anonyme*) whose shares are traded on Euronext Brussels. The Issuer was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) under the laws of Belgium on April 24, 2014 for an undetermined duration. The Issuer is registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0550.880.915 (RLE Ghent, division Dendermonde). The Issuer's registered office is located at Korte Keppestraat 21, 9320 Erembodegem (Aalst), Belgium. The LEI code of the Issuer is 549300AQESC6JJOPW253.

For a description of the Issuer, see "Management."

The creation and issuance of the Notes was authorized by resolutions of the Board of Directors of the Issuer dated March 14, 2025.

The Guarantors

The corporate information of the Guarantors of the Notes is as follows:

- (a) Ontex BV, a private limited liability company (*besloten vennootschap/société à responsabilité limitée*) organized under the laws of Belgium, having its statutory seat at Genthof 5, 9255 Buggenhout, Belgium and registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0419.457.296 (RLE Ghent, division Dendermonde);
- (b) ONTEX CZ s.r.o., a limited liability company incorporated under the laws of the Czech Republic, ID number 44564422, having its registered office at Vesecko 491, Daliměřice, 511 01 Turnov, Czech Republic, registered in the commercial register administered by the Regional Court in Hradec Králové under the file C 14748;
- (c) Ontex France SAS, a *société par actions simplifiée* incorporated under French law whose registered office is located 30 rue Hubble, Parc Scientifique Européen de la Haute Borne, 59262 Sainghin en Mélantois (France) and registered with the companies' register of Lille Métropole under number 338 081 102 R.C.S;
- (d) Ontex Santé France SAS, a *société par actions simplifiée* incorporated under French law whose registered office is located Quai du Rivage, 62119 Dourges (France) and registered with the companies' register of Arras under number 502 601 297 R.C.S.;
- (e) Ontex Hygieneartikel Deutschland GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany and is registered with the commercial register at the

local court of Dresden under registration number HRB 3865. The address of its registered office is Fabrikstraße 30, 02692 Großpostwitz, Germany;

- (f) Ontex Mayen GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany and is registered with the commercial register at the local court of Koblenz under registration number HRB 11699. The address of its registered office is Robert-Bosch-Str. 8, 56727 Mayen, Germany;
- (g) Ontex Vertrieb GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany and is registered with the commercial register at the local court of Koblenz under registration number HRB 26279. The address of its registered office is August-Thyssen-Straße 23-25, 56070 Mayen, Germany;
- (h) Ontex Manufacturing Italy S.r.l., a limited liability company incorporated under the law of the Republic of Italy, having its registered office in Ortona (CH) Località Cucullo, 66026 Zona Industriale and registered with the Companies' Register of Chieti under number 02456370697, tax code 02456370697;
- (i) Serenity S.p.A., a limited liability company incorporated under the law of the Republic of Italy, having its registered office in Ortona (CH) Località Cucullo, 66026 Zona Industriale and registered with the Companies' Register of Chieti under number 01251280689, tax code 01635360694;
- (j) "Ontex Polska" sp. z o.o., a limited liability company (*spółka z ograniczoną odpowiedzialnością*) organized under the laws of Poland, having its registered office at ul. Przedsiębiorców 6, 97-500 Radomsko, and registered under number KRS 0000010044.
- (k) Ontex Peninsular, S.A.U., a public limited liability company (*sociedad anónima*) organized under the laws of Spain, having its registered office at Calle Fresno (Pol Ind. Nicomedes Garcia), S/N, Valverde del Majano, 40140, Segovia and Spanish tax identification number A40103855;
- (l) Ontex ID S.A. public limited liability company (*sociedad anónima*) organized under the laws of Spain, having its registered office at Calle Fresno (Pol Ind. Nicomedes Garcia), S/N, Valverde del Majano, 40140, Segovia and Spanish tax identification number A60617875;
- (m) Ontex Healthcare UK Limited, a private limited company organized under the laws of England and Wales, having its registered office at Grant Thornton UK LLP, 300, Pavilion Drive, Northampton, NN4 7YE and with company number 02274216;
- (n) Ontex Retail UK Limited, a private limited company organized under the laws of England and Wales, having its registered office at Unit 5, 1st Floor, Grovelands Business Park Boundary Way, Hemel Hempstead, HP2 7TE and with company number 01613466
- (o) Ontex Operations USA, LLC, a limited liability company organized under the laws of the State of Delaware, with its registered address at 1900 Barnes Street, Reidsville, NC 27320, United States; and
- (p) Valor Brands, LLC, a limited liability company organized under the laws of the State of Delaware, with its registered address at 960 North Point Parkway, Suite 100, Alpharetta, GA 30005, United States.

As of the date of this Offering Memorandum, the Guarantors have duly authorized the granting of the Guarantees. Such authorizations were granted by each Guarantor's shareholders or board of directors, as required by its jurisdiction of incorporation. The Guarantors are in the scope of consolidation of the Issuer's financial statements.

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

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Consolidated financial statements

For the financial years ended December 31, 2024 and 2023

FIN-1 Statement of the Board of Directors

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

- the consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex Group NV and of the entities included in the consolidation;
- the annual review presents a fair overview of the development and the results of the business and the position of Ontex Group NV and of the entities included in the consolidation, as well as a description of the principal risks and uncertainties facing them pursuant Article 12, paragraph 2 of the Royal Decree of November 14, 2007.

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

Due to rounding, numbers presented throughout these consolidated financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

FIN-2 General information

FIN-2.1 Corporate information

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2024 were authorized for issue in accordance with a resolution of the Board of Directors on March 14, 2025.

FIN-2.2 Business activities

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 approximately 7,000 passionate people all over the world, Ontex has a presence in 14 countries, with its headquarters in Aalst, Belgium.

FIN-2.3 History of the Group

Ontex was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into its current core product categories and grew the business internationally both organically and through acquisitions.

After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, Ontex was listed on Euronext Brussels in 1998. Following the listing, Ontex experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

Ontex was acquired by funds advised by Candover in 2003 and subsequently de-listed from Euronext Brussels. Ontex acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. The activities in China have been stopped in the meantime. In 2008, we opened a production facility in Algeria. In 2010, Ontex acquired iD Medica, which sells incontinence products in Germany.

In 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, Ontex opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult incontinence market in France. In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan.

In June 2014, Ontex Group NV successfully listed its shares on the Euronext Brussels exchange and trades under the ticker 'ONTEX'.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products.

In March 2017, Ontex acquired the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil").

In July 2017 Ontex opened a production plant in Ethiopia for the manufacturing of baby diapers that are specifically meeting the needs of African families.

In February 2019, Ontex opened a production plant in Radomsko, Poland to support its Central European business.

In July 2020, Ontex acquired the US feminine hygiene assets from Albaad Massuot Yitzhak Ltd. in Rockingham County to further develop the North American business.

In December 2021, Ontex announced its reviewed strategy to focus on its partner and healthcare brands business, which is concentrated in Europe and North America, and thereby is pursuing alternative strategic solutions for its mainly own brand focused businesses in the Emerging Markets of Central and South America, as well as the Middle East and Africa. This strategy was formalized and reflected in the Company's financial statements beginning of 2022.

In July 2022, Ontex entered into a binding agreement to sell its Mexican and related export activities to Softys S.A., marking a milestone in the transformation of Ontex. The transaction was completed in May 2023.

In August 2023, Ontex announced that it had reached an agreement for the sale of its business activities in Algeria to Hygianis SPA. In September 2023, Ontex announced that it had reached an agreement with ASAIA Holding FZ for the divestment of its business activities in Pakistan. Both transactions were completed in the first half of 2024.

In September 2024, Ontex entered into a binding agreement to sell its Brazilian business activities to Softys S.A. The transaction is expected to be completed in the first half of 2025. In February 2025, Ontex announced that it had entered into a binding agreement to sell its Turkish subsidiary to Dilek Grup, with an expectation to complete the transaction in the third quarter of 2025.

FIN-2.4 Legal status

Ontex Group NV is a limited-liability company incorporated as a "*naamloze vennootschap*" ("NV") 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.

FIN-3 Consolidated financial statements

FIN-3.1 Consolidated statement of financial position

Assets		December 31	
<i>in € million</i>	Note	2024	2023
Non-current Assets			
Goodwill	9	799.4	796.0
Intangible assets	9	33.8	32.6
Property, plant and equipment	10	497.6	461.5
Right-of-use assets	11	100.9	105.2
Deferred tax assets	19	27.6	11.7
Non-current receivables	13	11.1	29.0
		1,470.4	1,436.1
Current Assets			
Inventories	12	292.9	252.8
Trade receivables	13	204.1	206.1
Prepaid expenses and other receivables	13	67.2	63.5
Current tax assets	19	3.3	4.9
Derivative financial assets	5.1	6.3	5.1
Cash and cash equivalents	14	56.9	97.2
Assets classified as held for sale	8	259.3	296.1
		890.2	925.7
Total assets		2,360.6	2,361.7

Equity and liabilities		December 31	
<i>in € million</i>	Note	2024	2023
Equity attributable to owners of the company			
Share capital & premium	15	1,208.0	1,208.0
Treasury shares		(31.0)	(32.3)
Cumulative translation reserves		(242.6)	(246.8)
Retained earnings and other reserves		(8.7)	(26.8)
Total equity		925.7	902.0
Non-current liabilities			
Employee benefit liabilities	18	13.4	14.9
Interest-bearing debts	17	667.1	671.8
Deferred tax liabilities	19	16.0	19.9
Other payables		2.0	1.0
		698.5	707.5
Current liabilities			
Interest-bearing debts	17	53.1	141.1
Derivative financial liabilities	5.1	2.0	5.4
Trade payables	20	440.1	370.5
Accrued expenses and other payables	20	21.1	20.6
Employee benefit liabilities	18	45.3	41.0
Current tax liabilities	19	31.8	27.0
Provisions	21	38.3	10.0
Liabilities related to assets classified as held for sale	8	104.6	136.6
		736.3	752.2
Total liabilities		1,434.8	1,459.7
Total equity and liabilities		2,360.6	2,361.7

The accompanying notes are an integral part of the audited consolidated financial statements.

FIN-3.2 Consolidated income statement

<i>in € million</i>	Note	Full Year	
		2024	2023
Revenue	6	1,860.5	1,794.7
Cost of sales	25	(1,316.7)	(1,327.3)
Gross Profit		543.8	467.4
Distribution expenses	25	(207.0)	(190.5)
Sales and marketing expenses	25	(81.9)	(81.5)
General administrative expenses	25	(96.3)	(85.6)
Other operating income/(expenses), net	23-25	(10.1)	(6.6)
Income and expenses related to changes to Group structure	24	(61.9)	(10.3)
Income and expenses related to impairments and major litigations	24	(10.8)	(4.6)
Operating profit/(loss)		75.8	88.3
Finance income	26	4.2	7.0
Finance costs	26	(49.1)	(57.6)
Net exchange differences relating to financing activities	26	(6.5)	5.5
Net finance cost		(51.4)	(45.1)
Profit/(loss) before income tax		24.3	43.2
Income tax expense	27	(3.4)	(16.3)
Profit/(loss) for the period from continuing operations		20.9	26.9
Profit/(loss) for the period from discontinued operations	8	(10.7)	7.9
Profit/(loss) for the period		10.3	34.8
Profit/(loss) attributable to:			
Owners of the parent		10.3	34.8
Profit/(loss) for the period		10.3	34.8

Earnings per share

in €	Note	Full Year	
		2024	2023
For continuing operations			
Basic earnings per share	16	0.26	0.33
Diluted earnings per share	16	0.25	0.32
For continuing and discontinued operations			
Basic earnings per share	16	0.13	0.43
Diluted earnings per share	16	0.12	0.42
Weighted average number of ordinary shares outstanding during the period		81,178,171	81,105,045

The accompanying notes are an integral part of the audited consolidated financial statements.

FIN-3.3 Consolidated statement of comprehensive income

<i>in € million</i>	Note	Full Year	
		2024	2023
Profit/(loss) for the period		10.3	34.8
Other comprehensive income/(loss) for the period, after tax:			
Remeasurements of defined benefit plans		0.2	(1.9)
Deferred tax on items that will not be reclassified subsequently to income statement		(0.0)	0.5
Items that will not be reclassified subsequently to income statement, net of tax		0.1	(1.4)
Exchange differences on translating foreign operations		4.2	7.3
Fair value remeasurements - Cash flow hedge	5.1	7.5	0.1
Deferred tax on items that will be reclassified subsequently to income statement		(1.0)	(0.2)
Items that will be reclassified subsequently to income statement, net of tax		10.7	7.1
Other comprehensive income/(loss) for the period, net of tax		10.8	5.7
Total comprehensive income/(loss) for the period		21.1	40.5
Total comprehensive income/(loss) attributable to:			
Owners of the parent		21.1	40.5
Total comprehensive income/(loss) for the period		21.1	40.5

The accompanying notes are an integral part of the audited consolidated financial statements.

FIN-3.4 Consolidated statement of changes in equity

	Attributable to equity holders of the Company										
							Other reserves				
<i>in € million</i>	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings	Defined benefit plans	Cash flow hedge	Share-based payments	Other	Total Equity
Balance at December 31, 2023	82,347,218	795.2	412.8	(32.3)	(246.8)	(322.8)	2.0	(2.5)	11.5	285.0	902.0
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	3.0	-	-	0.7	-	3.7
Settlement of share-based payments	-	-	-	2.5	-	-	-	-	(0.9)	(1.6)	-
Share buy-back program	-	-	-	(1.1)	-	-	-	-	-	-	(1.1)
Descope	-	-	-	-	-	(0.2)	0.2	-	-	-	(0.0)
Total transactions with owners	-	-	-	1.3	-	2.8	0.2	0.0	(0.1)	(1.6)	2.6
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	10.3	-	-	-	-	10.3
Other comprehensive income/(loss)	-	0.0	(0.0)	-	4.2	0.0	0.1	6.5	-	-	10.8
Balance at December 31, 2024	82,347,218	795.2	412.7	(31.0)	(242.6)	(309.7)	2.3	4.0	11.4	283.4	925.7

	Attributable to equity holders of the Company										
							Other reserves				
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings	Defined benefit plans	Cash flow hedge	Share-based payments	Other	Total Equity
<i>in € million</i>											
Balance at December 31, 2022 ^[1]	82,347,218	795.2	412.8	(34.2)	(254.1)	(361.6)	3.4	(2.3)	13.2	286.1	858.4
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	4.0	-	-	(1.0)	0.1	3.1
Settlement of share-based payments	-	-	-	1.9	-	-	-	-	(0.8)	(1.2)	(0.0)
Total transactions with owners	-	-	-	1.9	-	4.0	0.0	0.0	(1.7)	(1.1)	3.1
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	34.8	-	-	-	-	34.8
Other comprehensive income/(loss)	-	-	-	-	7.3	(0.0)	(1.4)	(0.2)	-	-	5.7
Balance at December 31, 2023	82,347,218	795.2	412.8	(32.3)	(246.8)	(322.8)	2.0	(2.5)	11.5	285.0	902.0

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2024, is as follows:

Shareholder	December 31, 2024	% ^[2]
Groupe Bruxelles Lambert SA	16,454,453	19.98%
ENA Investment Capital LLC	12,411,999	15.07%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Mr. Joannes G.H.M. Niessen and Mont Cervin SARL	2,517,540	3.06%
BPCE SA, Natixis SA, Natixis Investment Managers, NIM Participations 3 and DNCA Finance	2,491,966	3.03%

The accompanying notes are an integral part of the audited consolidated financial statements.

[1] The impact of hyperinflation for both non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 31, 2022 have been restated, having a reclassification impact of €47.8 million between retained earnings and cumulative translation reserves.

[2] At the time of the transparency declaration

FIN-3.5 Consolidated statement of cash flows

The amounts below include both continuing and discontinued operations. For details regarding the discontinued operations, see note FIN-4.8.

<i>in € million</i>	Note	Full Year	
		2024	2023
Cash flows from operating activities			
Profit/(loss) for the period		10.3	34.8
Adjustments for:			
Income tax expense		9.7	21.9
Depreciation and amortization		74.1	70.7
Impairment losses and items relating to investing activities		32.4	18.9
Provisions (including employee benefit liabilities)		32.5	5.5
Change in fair value of financial instruments		(4.0)	4.8
Net finance cost		57.9	53.9
Changes in working capital:			
Inventories		(45.4)	17.2
Trade and other receivables and prepaid expenses		(16.3)	(52.9)
Trade and other payables and accrued expenses		70.8	0.1
Current employee benefit liabilities		4.0	6.6
Cash from operating activities before taxes		226.0	181.4
Income taxes paid		(10.3)	(20.8)
Net cash generated from operating activities		215.7	160.6
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(112.4)	(96.5)
Proceeds from disposal of property, plant and equipment and intangible assets		0.2	15.8
Proceeds from divestments, net of cash disposed and transaction costs	8-13	10.3	199.6
Net cash generated from / (used in) investing activities		(101.9)	119.0

<i>in € million</i>	Note	Full Year	
		2024	2023
Cash flows from financing activities			
Proceeds from borrowings	17	67.4	121.9
Repayment of borrowings	17	(184.7)	(385.8)
Interests paid		(37.6)	(50.8)
Interests received		7.2	4.4
Other costs of financing		0.9	(3.3)
Realized foreign exchange (losses)/gains on financing activities		0.1	7.1
Derivative financial assets		(1.5)	(3.2)
Net cash generated from / (used in) financing activities		(148.1)	(309.8)
Net increase : (decrease) in cash and cash equivalents		(34.3)	(30.3)
Effects of exchange rate changes on cash and cash equivalents		(9.7)	(10.2)
Cash and cash equivalents at the beginning of the period		168.3	208.7
Cash and cash equivalents at the end of the period		124.2	168.3
of which presented as part of Assets classified as held for sale	8	67.3	71.1

The accompanying notes are an integral part of the audited consolidated financial statements.

FIN-4 Notes to the consolidated financial statements

FIN-4.1 Summary of significant accounting policies

FIN-4.1.1 Introduction

The accounting policies used to prepare the consolidated financial statements for the period from January 1, 2024 to December 31, 2024 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2023 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented.

FIN-4.1.2 Basis of preparation

These consolidated financial statements of the Ontex Group NV for the year ended December 31, 2024 have been prepared in compliance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2024. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2024, did not have a significant impact. No new standards, amendments to standards or interpretations were early adopted.

These financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note FIN-4.4.

IFRS accounting standards to be adopted as from 2024 and onwards

The following relevant new standards and amendments to existing standards have been published and endorsed by the European Union and are mandatory for the first time for the financial periods beginning on or after January 1, 2024:

Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as current or non-current* affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
- Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements*. The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback*. The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains.

Any gains and losses relating to the full or partial termination of a lease continue to be recognized when they occur as these relate to the right of use terminated and not the right of use retained.

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

Relevant IFRS accounting pronouncements to be adopted as from 2025 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after January 1, 2025 and have not been early adopted. Those which may be the most relevant to the Ontex Group's consolidated financial statements are set out below.

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (effective January 1, 2025). IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:

- determining when a currency is exchangeable into another and when it is not;
- determining the exchange rate to apply in case a currency is not exchangeable;
- additional disclosures to provide when a currency is not exchangeable.

Amendments to IFRS 9 and to IFRS 7: *the Classification and Measurement of Financial Instruments* (effective on January 1, 2026). On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement environment, social and governance (ESG) targets); and

- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Amendments to IFRS 9 and to IFRS 7: *Contracts Referencing Nature-dependent Electricity* (effective on January 1, 2026). On December 18, 2024, the IASB issued amendments to IFRS 9 and IFRS 7:

- clarify the application of the 'own-use' requirements;
- permit hedge accounting if these contracts are used as hedging instruments; and
- new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

IFRS 18 *Presentation and Disclosure in Financial Statements* (effective on January 1, 2027). The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes.

The above-mentioned amendment to IAS 21 is not expected to have a significant impact on the consolidated financial statements. The impact of the amendments to IFRS 9 and IFRS 7 as well as the standard IFRS 18 still needs to be assessed.

Financial reporting in hyperinflationary economies

In 2022, the Turkish economy faced further high 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 January 1, 2022. The standard is applied as of 2022, and has been consistently applied in 2023 and 2024, except for the impact on equity which is fully presented in the cumulative translation reserves as of 2023.

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 statement of financial position 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.

FIN-4.1.3 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

Transactions with non-controlling interests

The Group treats the transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains and losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

FIN-4.1.4 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recognized in the statement of financial position is allocated to three Cash-Generating Units (CGUs). These CGUs are Europe, Russia and North America. They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

FIN-4.1.5 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to interest-bearing debts and cash and cash equivalents are presented in the income statement within 'Net finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income/(expenses), net'.

For the purpose of presenting consolidated financial statements, assets and liabilities of the Group's foreign operations are translated at the closing rate at the end of the reporting period. Items of income and expense are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and equity items are translated at historical rates. The resulting

exchange rate differences are recognized in other comprehensive income and accumulated in a separate component of equity.

The principal exchange rates that have been used are as follows:

Currency	December 31			
	2024		2023	
	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.6772	1.6399	1.6263	1.6285
BRL	6.4253	5.8268	5.3618	5.4016
CZK	25.1850	25.1189	24.7240	24.0007
GBP	0.8292	0.8466	0.8691	0.8699
MXN	21.5504	19.8249	18.7231	19.1897
PLN	4.2750	4.3057	4.3395	4.5421
RUB	122.4011	100.8206	100.0297	92.6806
DZD	141.4406	145.5379	148.6338	147.5233
USD	1.0389	1.0821	1.1050	1.0816

FIN-4.1.6 Intangible assets

An intangible asset is recognized on the statement of financial position when the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; (3) the Group can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortizations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects and product/process development projects.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the project so that it will be available for use
- management intends to complete the project and use or sell it
- there is an ability to use or sell the project
- it can be demonstrated how the project will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the project are available, and
- the expenditure attributable to the project during its development can be reliably measured.

The Group's systems allow a reliable measure of expenses directly attributable to the different IT and product/process development projects.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Externally acquired software is carried at acquisition cost less any accumulated amortization and less any accumulated impairment loss.

Maintenance costs as well as the costs of minor upgrades whose objective is to maintain (rather than increase) the level of performance of the asset are expensed as incurred.

Borrowing costs that are directly attributable to the acquisition, construction and or production of a qualifying intangible asset are capitalized as part of the cost of the asset.

Intangible assets are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	
Brands	20 years
IT implementation costs	5 years
Capitalized development costs	3 to 5 years
Licenses	3 to 5 years
Acquired concessions, patents, know-how, and other similar rights	5 years

Amortization commences only when the asset is available for use.

FIN-4.1.7 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Acquisition cost includes any directly attributable cost of bringing the asset to working condition for its intended use. Borrowing costs that are directly attributable to the acquisition, construction and/or production of a qualifying asset are capitalized as part of the cost of the asset.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets is charged to the income statement. However, expenditure on major repair and major maintenance, which increases the future economic benefits that will be generated by the fixed asset, is identified as a separate element of the acquisition cost. The cost of property, plant and equipment is broken down into major components. These major components, which are replaced at regular intervals and consequently have a useful life that is different from that of the fixed asset in which they are incorporated, are depreciated over their specific useful lives. In the event of replacement, the component is replaced and removed from the statement of financial position, and the new asset is depreciated up until the next major repair or maintenance.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, less residual value, if any. The applicable useful lives are:

Property, plant and equipment	
Land	N/A
Land improvements and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Furniture and vehicles	4 to 8 years
Other tangible assets	5 years
IT equipment	3 to 5 years

The useful life of the machines is reviewed regularly. Each time a significant upgrade is performed, such upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

FIN-4.1.8 Leases

The Group leases several properties, machinery, vehicles and IT equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,

- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life (see note FIN-4.1.7). In all other circumstances the asset is depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

For short-term leases (lease term of 12 months or less) or leases of low-value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognized on a straight-line basis as an expense over the lease term.

Some property leases contain variable payment terms that are linked to the use of the property (mainly warehouses). Variable lease payments that depend on the use are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

FIN-4.1.9 Impairment of non-financial assets, other than goodwill

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not subject to amortization, but are tested annually for impairment.

Other assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

FIN-4.1.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises the production costs, like raw materials, direct labor, and also the indirect production costs (production overheads based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts held by the Group are classified as property, plant and equipment if they are expected to be used in more than one period and if they are specific to a single machine. If they are not expected to be used in more than one period or if they can be used on several machines, they are classified as inventory. For the spare parts classified as inventory, the Group uses write-down rules based on the economic use of these spare parts.

FIN-4.1.11 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated, or if it is an operation within such a cash-generating unit.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described

above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

A discontinued operation is a component of the Group which the Group has disposed of or which is classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

FIN-4.1.12 Revenue recognition

Ontex Group's core activity is the sale of goods with as only performance obligation the delivery of goods. As such, the Group recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group sells its products to its customers directly, through distributors or agents. This can result in a different moment to recognize revenue. Following delivery to distributors, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Next to the sale of goods, distinct services – mainly customer training or customer assistance services – are rendered predominantly over the period that the corresponding goods are sold to the customer. Transportation (shipping) is not be considered as a separate performance obligation as control over the goods is only transferred to the customer after the shipment.

Payment terms can differ depending on the customer, based on the credit risk and prior payment behavior of the customer. In addition, the geographical location of the company and the customer have an effect on the payment terms. There are no significant financing components in the transaction prices and the considerations are paid in cash.

Customer contracts include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, the estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

FIN-4.1.13 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other

premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at fair value and subsequently measured at amortized cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The amount of the allowance is deducted from the carrying amount of the asset and is recognized in the income statement within 'Sales and marketing expenses'.

Trade receivables are no longer recognized when (1) the rights to receive cash flows from the trade receivables have expired, (2) the Group has transferred substantially all risks and rewards related to the receivables.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had

been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

FIN-4.1.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

FIN-4.1.15 Share capital

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments are either classified as financial liabilities or equity. The financial instrument is included in equity if, and only if, the instrument does not include a contractual obligation to deliver cash or another financial asset or to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Group, and if the instrument will or may be settled in a fixed number of the Group's own equity instruments.

FIN-4.1.16 Government grants

Grants from governments are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are deducted from the acquisition cost of the assets to which they relate and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

FIN-4.1.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in 'Employee benefit liabilities' in the statement of financial position.

Post-employment benefits

Group companies operate various pension schemes. Most of the schemes are unfunded. Some schemes are funded through payments to insurance companies or pension funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are immediately recognized in the income statement. The net interest cost relating to the defined benefit plans is recognized within financial expenses.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits

Unfunded obligations arising from long-term benefits are provided for using the projected unit credit method.

Termination benefits

Early termination obligations are recognized as a liability when the Group is 'demonstrably committed' to terminating the employment before the normal retirement date. The Group is 'demonstrably committed' when, and only when, it has a detailed formal plan for the early termination without realistic possibility of withdrawal. Where such benefits are long term, they are discounted using the same rate as above for defined benefit obligations.

FIN-4.1.18 Share-based payments

The Group operates an equity settled share-based compensation plan, consisting of stock options (hereafter 'options') (until 2020), restricted stock units ('RSU') (until 2020) and performance stock units ('PSU') (exclusively since 2021). For grants of options, RSU's and PSU's, the fair value of the employee services received is measured by reference to the fair value of the shares or options granted on the date of the grant. The Group recognizes the fair value of the services received in exchange for the grant of the options as an expense and a corresponding increase in equity on a straight-line basis over the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the share price at date of grant of the option, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Vesting conditions included in the terms of the grant are not taken into account in estimating fair value except where those terms relate to market conditions. Non-market vesting conditions are considered by adjusting the number of shares or options included in the

measurement of the cost of employee services so that ultimately the amount recognized in the income statement reflects the number of vested shares or options.

At each statement of financial position date, the entity revises its estimates of the number of instruments that are expected to become exercisable and recognizes the impact of revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

When the instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the instruments is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

FIN-4.1.19 Provisions and contingent liabilities

Provisions are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

If the Group has an onerous contract, it will be recognized as a provision. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

A provision for restructuring is only recorded if the Group demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

Contingent liabilities are disclosed when there is a possible obligation depending on the occurrence of an uncertain event, or when there is a present obligation but the payment is not probable or the amount cannot be reliably measured.

FIN-4.1.20 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. In line with paragraph 46 of IAS 12 *Income taxes*, management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This evaluation is made for tax periods open for audit by the competent authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred tax is not recognized for:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognized for taxable temporary differences.

Deferred tax assets are generally recognized for tax losses and tax attributes to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end

of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are calculated at the level of each fiscal entity in the Group. The Group is able to offset deferred tax assets and liabilities only if the deferred tax balances relate to income taxes levied by the same taxation authority.

FIN-4.1.21 Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are classified as at amortized cost, except for derivative instruments (see FIN-4.1.22 below).

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

When a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

FIN-4.1.22 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks, including foreign exchange forward contracts, commodity hedging contracts and interest rate CAP's and SWAP's.

Derivatives are accounted for in accordance with IFRS 9. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair values of various derivative instruments are disclosed in note FIN-4.5. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

If no hedge accounting is applied, the Group recognizes all gains or losses resulting from changes in fair value of derivatives in the consolidated income statement within Other operating income/expense to the extent that they relate to operating activities and within Net finance cost to the extent that they relate to the financing activities of the Group (e.g. interest rate swaps relating to the floating rate borrowings).

FIN-4.1.23 Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk and commodities, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the

heading of 'cash flow hedging reserve'. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'other operating income/(expense)' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

FIN-4.1.24 Operating segments

The Group's activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results (defined as Adjusted EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore, the Group operates as one segment.

FIN-4.1.25 Statement of cash flows

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit of the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

FIN-4.2 Alternative performance measures

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

FIN-4.2.1 EBITDA adjustments

Income and expenses classified under the heading “EBITDA adjustments” are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. EBITDA adjustments 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. EBITDA adjustments relate to:

- acquisition- and divestment-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.

EBITDA adjustments of the Group for the years ended December 31 are composed of the following items presented in the consolidated income statement and can be reconciled in note FIN-4.24:

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

FIN-4.2.2 Adjusted EBITDA

Adjusted EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations (commonly called EBITDA) plus EBITDA adjustments. The adjusted EBITDA margin is the adjusted EBITDA divided by revenue.

Adjusted EBITDA reconciliation of the Group for the years ended December 31 are as follows:

in € million	Full Year					
	2024			2023		
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Revenue	1,860.5	306.9	2,167.4	1,794.7	546.8	2,341.5
Operating profit/(loss)	75.8	2.1	77.9	88.3	22.3	110.6
Depreciation and amortization	74.1	0.0	74.1	70.7	0.0	70.7
EBITDA	149.9	2.1	152.0	159.0	22.3	181.3
EBITDA adjustments	72.7	27.1	99.9	14.9	27.1	42.0
Adjusted EBITDA	222.6	29.2	251.9	173.9	49.4	223.3
<i>Adjusted EBITDA margin</i>	<i>12.0%</i>	<i>9.5%</i>	<i>11.6%</i>	<i>9.7%</i>	<i>9.0%</i>	<i>9.5%</i>

Further information on the EBITDA adjustments can be found in note FIN-4.24 for the continuing operations and note FIN-4.8 for the discontinued operations.

FIN-4.2.3 Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents. LTM adjusted EBITDA is defined as EBITDA excluding EBITDA adjustments for the last twelve months (LTM). Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are as follows:

in € million	December 31					
	2024			2023		
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Non-current interest-bearing debts	667.1	10.9	678.0	671.8	15.3	687.0
Current interest-bearing debts	53.1	5.2	58.3	141.1	5.4	146.5
Cash and cash equivalents	(56.9)	(67.3)	(124.2)	(97.2)	(71.1)	(168.3)
Net financial debt	663.3	(51.2)	612.0	715.7	(50.4)	665.3
Adjusted EBITDA (LTM) ^[3]	222.6	25.7	248.3	173.9	30.7	204.6
<i>Leverage ratio</i>			<i>2.46</i>			<i>3.25</i>

[3] The LTM Adjusted EBITDA (LTM) in the full year 2024 excludes the €3.5 million contribution of the Algerian and Pakistani activities, which were sold in the first half of 2024. The LTM Adjusted EBITDA (LTM) in the full year 2023 excludes the €18.7m contribution of the Mexican activities which were sold in May 2023

FIN-4.2.4 Free Cash Flow

Free cash flow is defined as net cash generated from operating activities (as presented in the consolidated cash flow statement, i.e. including income taxes paid) less capital expenditures (Capex, defined as purchases of property, plant and equipment and intangible assets), less repayment of lease liabilities and including cash (used in)/from disposal, less financing cash flows, i.e. interests paid and received, and other financing cash flows (Other costs of financing, realized foreign exchange (losses)/gains on financing activities and derivative financial assets).

Free Cash Flow of the Group for the years ended December 31 is as follows:

in € million	Full Year	
	2024	2023
Operating profit/(loss)	75.8	88.3
Depreciation and amortization	74.1	70.7
EBITDA	149.9	159.0
EBITDA from discontinued Operations	2.1	22.3
Non-cash items and items relating to investing and financing activities	61.0	29.1
Change in working capital		
Inventories	(45.4)	17.2
Trade and other receivables and prepaid expenses	(16.3)	(52.9)
Trade and other payables and accrued expenses	70.8	0.1
Employee benefit liabilities	4.0	6.6
Cash from operating activities before taxes	226.0	181.4
Income taxes paid	(10.3)	(20.8)
Net cash generated from operating activities	215.7	160.6
Capex	(112.4)	(96.5)
Cash (used in)/from on disposal	0.2	15.8
Repayment of lease liabilities	(24.8)	(25.0)
Free Cash Flow before financing	78.7	54.9
Interests paid & received	(30.4)	(46.4)
Other financial cash flow	(0.4)	0.6
Free Cash Flow	47.9	9.1

FIN-4.2.5 Adjusted Basic Earnings and Adjusted Basic Earnings per Share

Adjusted Basic Earnings (or Adjusted Profit) are defined as profit for the period plus EBITDA adjustments and tax effect on EBITDA adjustments, attributable to the owners of the parent. Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares. Adjusted Basic Earnings per Share for the years ended December 31 are presented in note FIN-4.16.

FIN-4.2.6 Net Working Capital

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

in € million	December 31	
	2024	2023
Inventories	292.9	252.8
Trade receivables	204.1	206.1
Prepaid expenses and other receivables	67.2	63.5
Trade payables	(440.1)	(370.5)
Accrued expenses and other payables	(21.1)	(20.6)
Total Net Working Capital	103.0	131.3

FIN-4.2.7 Alternative Performance Measures included in the Press releases and other Regulated information

Like-for-Like (LFL) revenue

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

<i>in € million</i>	2023	Vol/mix	Price	Scope change	2024 LFL	Forex	2024
Continuing Operations	1,794.7	101.8	(39.2)	-	1,857.2	3.3	1,860.5
Discontinued Operations	546.8	(20.3)	1.1	(196.6)	331.0	(24.1)	306.9
Total Group	2,341.5	81.5	(38.1)	(196.6)	2,188.2	(20.8)	2,167.4

FIN-4.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

The Group monitors capital on the basis of the net financial debt position and its leverage. The Group's net financial debt position is calculated by adding all short and long-term interest-bearing debts and by deducting the available short-term liquidity.

The leverage is computed as the net financial debt divided by the LTM adjusted EBITDA (i.e. EBITDA plus EBITDA adjustments for the last twelve months (LTM)).

The net financial debt and leverage of the Group for the years ended December 31 are as follows:

<i>in € million</i>	December 31	
	2024	2023
Non-current interest-bearing debts	678.0	687.0
Current interest-bearing debts	58.3	146.5
Cash and cash equivalents	(124.2)	(168.3)
Net Financial Debt	612.0	665.3
LTM Adjusted EBITDA	248.3	204.6
Net Financial Debt/LTM Adjusted EBITDA ratio	2.46	3.25

For more information on the applicable debt covenants related to the available credit facilities, refer to note FIN-4.4.

FIN-4.4 Critical accounting estimates and judgments

The amounts presented in the consolidated financial statements involve the use of estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amounts may differ from these estimates. The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below.

FIN-4.4.1 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.

On November 27, 2024, the Group refinanced its €242.5 million revolving credit facility, which had a maturity date in December 2025, with a new revolving credit facility that has a principal amount of €270.0 million and a maturity date in November 2029. The new revolving credit facility is subject to one financial covenant, being a leverage covenant. The leverage ratio of net financial debt over the last-twelve-months adjusted EBITDA is not to exceed 3.50 throughout all reporting periods.

Management has prepared detailed budgets and cash flow forecasts for the next years, which reflect the strategy of the Group. 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.

FIN-4.4.2 Income taxes

The Group has tax losses and other tax incentives that can be used to offset future taxable profits, mainly in Belgium, France, United States and Spain amounting to €633.8 million at December 31, 2024 (€595.1 million at December 31, 2023).

The Group has only recognized deferred tax assets on €115.4 million of tax losses and other tax incentives out of the €633.8 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimates are made prudently to the extent of the best current knowledge.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assesses whether certain uncertain tax provisions should be recognized in its consolidated financial statements (based on the requirements of IFRIC 23).

The European Commission challenged Belgium's excess profit ruling (EPR) system, characterizing this system as illegal state aid. Ontex, through its Belgian subsidiary Ontex BV, had an EPR covering the years 2011-2015. Ontex has lodged an appeal against this EC Decision. The General Court has handed down its judgment on February 14, 2019 in the joint case of Belgium vs Commission and Magnetrol International vs Commission. The General Court annulled the EC Decision for the reason that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme. The European Commission appealed the General Court's judgement of February 14, 2019 to the EU Court of Justice and in September 2021, the Court decided that the proceedings regarding the EPR decision must be re-opened before the General Court. The General Court judgement of September 20, 2023 upholds the EC Decision. On December 6, 2023 Ontex appealed the judgement of September 20, 2023 before the EU Court of Justice. Ontex awaits the outcome.

Furthermore, the European Commission opened individual investigations in September 2019 into each of the individual EPRs including that of Ontex, as it believes that each EPR grants illegal state aid, even if the EPR system does not constitute an aid "scheme". The formal investigation into the Ontex EPR continues and it is unclear when a final decision can be expected. Ontex will have the right to appeal against any decision that concludes the Ontex EPR grants illegal state aid. Any such appeal will take some time to be heard.

Ontex had fully taken into account the impact of the Commission's position that the EPR system is illegal state aid being successful, and the Commission concluding that the Ontex EPR grants illegal state aid in its tax position. Since the outcome of both challenges is not yet final, Ontex will not release the relevant provisions at this stage.

FIN-4.4.3 Business combinations

For business combinations, the Group must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Group must determine the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated statement of financial position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets and the determination of the indefinite or finite useful lives of other intangible assets acquired requires significant judgments and will have an impact on the Group's profit or loss.

FIN-4.4.4 Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note FIN-4.1.4. The outcome of these goodwill impairment tests in 2024 did not result in an impairment, nor in 2023. For more detailed information, see note FIN-4.9.

The Group identifies the following cash-generating units:

- Europe
- Russia
- North America
- As part of Assets held for sale (Brazil and Turkey). For more information, see note FIN-4.4.9 and FIN-4.8

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

Climate-related matters

In the preparation of its impairment exercises, the Group also considers climate risks. A climate risk assessment has been conducted during 2023 and re-assessed during 2024, focusing on both physical and transition risks to better prepare the Group for and mitigate the effects of climate change.

Physical risks entail more frequent and severe adverse natural events, such as the disruption of both own operations and key suppliers' activities due to extreme weather events. Transition risks are related to changes made in response to climate change issues, such as carbon taxes and upcoming legislations, the latter are industry-related and not entity-specific.

The scenarios studied (RCP 2.6 and RCP 8.5, see Sustainability Report) are scientifically validated by the Intergovernmental Panel on Climate Change (IPCC) and represent two extreme possibilities for future greenhouse gas emissions and resulting climate change impacts. The exposure to specific climate risks integrates the likelihood of each climate risk at the specific area or location of a production site, as well as the existing solutions in place to protect production sites against such risks and also the effects on the performance of the activity. Although some production sites might already be exposed to extreme weather such as heat waves, a business continuity plan has already been developed to prevent any impact on our operations.

The climate risk assessment has also identified exposure to potential physical risks (such as wildfire) that could disrupt the supply chain related to renewable materials (pulp, cotton). To limit the exposure associated to such risks, the Group is already implementing preventive actions, with the ambition to source 100% certified materials (94% in 2024), thereby mitigating these risks.

The Group efforts to limit the exposure of transitional risks (such as carbon taxes and upcoming legislations) that the industry could face is translated into the Sustainability Strategy by

(1) having climate targets recognized by the Science Based Targets initiative (SBTi), aligning with the Paris Agreement goals;

(2) increasing the recycled content in our packaging (with the aim to reach >30% recycled or renewable content in our plastic packaging by 2025) on top of already having 100% recyclable packaging.

Although the Group has a certain exposure to different climate related risks, it was concluded that they do not have a material impact on the current impairment exercise as they only have an impact on a long term and the Group is confident that it has already taken the necessary

measures or will be able to take these in order to limit the exposure to the current risks. The Group will continue to monitor climate related risks and mitigate those through a mitigation plan.

Sensitivity analysis

For more details on the impairment test performed, we refer to note FIN-4.9. The discount rates used are summarized here below:

Pre-tax discount rate in %	Full Year	
	2024	2023
Europe	9.4%	8.9%
North America	8.9%	8.1%
Russia	22.4%	18.5%

As a result of the impairment recognized in 2022 on the CGU "Russia", no goodwill is allocated anymore to this CGU.

A sensitivity analysis indicates that the recoverable amount of Europe, North America and Russia would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 18.7%, 11.6% and 37.0% respectively and all other variables kept constant.

As indicated in note FIN-4.9, cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the two CGUs are currently operating. Should the long growth rate for the CGUs decrease by 40.0%, no impairment would need to be recognized. For Russia, no perpetual growth rate has been taken into account, given the uncertain economic environment.

Should the estimated operating margins for any of the CGUs decrease by 20.0%, no impairment would be recognized.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the

value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

FIN-4.4.5 Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16 and IAS 38.

FIN-4.4.6 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

FIN-4.4.7 Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate should correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

FIN-4.4.8 Revenue recognition

For the accrual for volume discounts (to customers and from suppliers) some judgements are made on the impact of commercial decisions that will influence the final discount to be received or to be granted.

FIN-4.4.9 Discontinued operations and disposal group held for sale

Following its strategic review that was announced at the end of 2021 and formalized beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the "Emerging Markets". Activities in "Emerging Markets" were and are primarily driven by own brands and essentially grouped the Central and South American activities, as well as those in the Middle East and Africa.

As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position. The sale of the Central American activities was finalized beginning of May 2023 and as such, are no longer included in the Assets held for sale at December 31, 2023. In the first half of 2024, the sale of both the Algerian and Pakistani activities was realized, and these are therefore no longer included in the Assets held for sale at December 31, 2024.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. On December 31, 2024, the discontinued CGUs (Assets held for Sale) are carried at their estimated fair value less cost to sell. Depreciation of such assets is discontinued as from their classification as held for sale.

FIN-4.4.10 Operations in Russia

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

In 2024, Ontex generated €95.0 million (2023: €104.1 million) revenue in its Russian subsidiary. The fixed assets held in Russia represent €12.5 million (2023: €18.7 million) consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities). The manufacturing and commercial operations are ongoing as the Russian Ontex operation provides essential care products, but these are significantly dependent from the supply of the necessary raw materials and resources to the local manufacturing facility.

From the start of the invasion of Ukraine by Russia, Ontex has defined tight conditions to its continued operation in Russia including an investment stop with funds not generated by the Russian operations as well as a stop on exports from Russia to other Europe entities, and the adaptation to the evolving economic sanctions and supply disruptions. The operating model evolved to ensure compliance with the evolving applicable regulations on economic sanctions. This has led to the progressive automation of most local activities in Russia within a framework defined by the Group, allowing to remain compliant to Ontex's standards on quality, safety as well as financial controls, reporting and objectives.

The Group already had a very limited presence in Ukraine prior to the conflict, only having a few people in commercial roles and no owned production or assets, and now maintains a minimum activity level without putting any of its employees in danger. Ontex realized a revenue of approximately €5.0 million in 2024 in Ukraine.

FIN-4.5 Financial instruments and financial risk management

FIN-4.5.1 Overview of financial instruments

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

<i>in € million</i>	December 31, 2024			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		11.1	11.1	Level 3
Trade receivables		204.1	204.1	Level 2
Other receivables		67.2	67.2	Level 2
Derivative financial assets	6.3		6.3	
Forward foreign exchange contracts	6.3		6.3	Level 2
Cash and cash equivalents		56.9	56.9	Level 2
Assets classified as held for sale		259.3	259.3	Level 3
Total financial assets	6.3	598.7	605.0	
Interest-bearing debts - non-current		667.1	668.2	
Senior Notes		577.2	578.3	Level 1
Lease & other liabilities		89.9	89.9	Level 2
Derivative financial liabilities	2.0		2.0	
Forward foreign exchange contracts	2.0		2.0	Level 2
Other payables - non-current		2.0	2.0	Level 2
Interest-bearing debts - current		53.1	53.1	
Revolving Credit Facility		24.0	24.0	Level 2
Accrued interests - Other		9.3	9.3	Level 2
Lease & other liabilities		19.8	19.8	Level 2
Trade payables		440.1	440.1	Level 2
Other payables - current		21.1	21.1	Level 2
Liabilities related to assets classified as held for sale		104.6	104.6	Level 3
Total financial liabilities	2.0	1,288.0	1,291.1	

<i>in € million</i>	December 31, 2023			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		29.0	29.0	Level 3
Trade receivables		206.1	206.1	Level 2
Other receivables		63.5	63.5	Level 2
Derivative financial assets	5.1		5.1	
Interest rate swap	4.2		4.2	Level 2
Forward foreign exchange contracts	0.9		0.9	Level 2
Cash and cash equivalents		97.2	97.2	Level 2
Assets classified as held for sale		296.1	296.1	Level 3
Total financial assets	5.1	691.8	696.9	
Interest-bearing debts - non-current		671.8	647.6	
Senior Notes		575.5	551.4	Level 1
Lease & other liabilities		96.3	96.3	Level 2
Derivative financial liabilities	5.4		5.4	
Forward foreign exchange contracts	5.2		5.2	Level 2
Commodity hedging contracts	0.2		0.2	Level 2
Other payables - non-current		1.0	1.0	Level 2
Interest-bearing debts - current		141.1	141.1	
Syndicated Term Loan A < 1 year		113.1	113.1	Level 2
Accrued interests - Other		9.5	9.5	Level 2
Lease & other liabilities		18.6	18.6	Level 2
Trade payables		370.5	370.5	Level 2
Other payables - current		20.6	20.6	Level 2
Liabilities related to assets classified as held for sale		136.6	136.6	Level 3
Total financial liabilities	5.4	1,341.5	1,322.8	

Hedge accounting

In the context of the Group's financial risk management, the Group uses derivative instruments to cover specific risks, such as foreign currency exposure, interest rate exposure and commodity price exposure. The following table presents an overview of the derivative instruments outstanding at reporting date:

<i>in € million</i>	Fair value		Nominal amounts	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Derivative financial assets	6.3	5.1	223.5	237.1
Interest rate swap	0.0	4.2	0.0	150.0
Forward foreign exchange contracts	6.3	0.9	216.5	87.1
Commodity hedging contracts	0.0	0.0	7.0	0.0
Derivative financial liabilities	2.0	5.4	149.5	211.9
Forward foreign exchange contracts	2.0	5.2	149.5	198.1
Commodity hedging contracts	0.0	0.2	0.0	13.8

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship (see below in notes FIN-4.5.3 to FIN-4.5.5). The impact on OCI of the different derivatives is as follows:

OCI		Amounts recognized in 2024	Amounts derecog- nized in 2024 (Recycled to P&L)	Total movement in 2024	December 31, 2024
<i>in € million</i>	December 31, 2023				
Forward foreign exchange contracts	(2.7)	8.6	(1.6)	7.0	4.3
Commodity hedging contracts	(0.2)	(1.8)	2.0	0.2	(0.0)

OCI		Amounts recognized in 2023	Amounts derecog- nized in 2023 (Recycled to P&L)	Total movement in 2023	December 31, 2023
<i>in € million</i>	December 31, 2022				
Forward foreign exchange contracts	(9.3)	5.1	1.5	6.6	(2.7)
Commodity hedging contracts	(1.1)	(5.4)	6.3	0.9	(0.2)
Interest rate swap	7.6	0.5	(8.1)	(7.6)	0.0

The tables above do not reconcile with the Consolidated Statement of Changes in Equity as a result of the deferred tax on the derivatives included in the Other Comprehensive Income for an amount of €-0.3 million for the Total Group (2023: €0.7 million), and derivatives within Assets held for sale for an amount of €-0.1 million (2023: €-0.3 million).

The fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is exceeding 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The fair value of the derivatives is based on level 2 inputs as defined under IFRS 7.27, meaning inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are based on mathematical models that use market observable data and are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present

value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Level 3 liabilities: the amount has been determined based on contractual agreements.

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per December 31, 2024 (nor 2023).

The counterparties of the outstanding derivative instruments have an A-credit rating.

FIN-4.5.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

There have been no changes in the risk management department since last year-end or in any risk management policies.

FIN-4.5.3 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP), the Polish zloty (PLN), the Australian dollar (AUD) and Russian ruble (RUB) in relation to sales, and the US dollar (USD) and the Czech crown (CZK) in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group also has exposures to the Russian ruble (RUB), Czech crown (CZK) and Australian dollar (AUD) due to their net investments in foreign operations.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

<i>in € million</i>	Assets		Liabilities	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
EUR	1,339.5	1,880.8	1,974.4	2,520.2
USD	223.7	187.6	266.1	188.2
MXN	66.7	91.7	66.0	97.7
PLN	48.7	84.8	11.8	51.6
GBP	29.3	79.2	2.5	51.0
RUB	26.7	37.6	3.8	3.3
AUD	11.0	19.1	1.4	12.0
CZK	7.0	13.4	1.4	12.6

The Group monitors its foreign exchange exposure closely and will enter into hedging transactions if deemed appropriate to minimize exposure throughout the Group to foreign exchange fluctuations. All hedging decisions are subject to approval of the Board of Directors. The strategy regarding FX hedges was maintained.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, the Group uses forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury is responsible for optimizing the net position in each foreign currency when possible and appropriate. The Group applies hedge accounting for the hedge related transactions, the impact of the revaluation is recognized in other comprehensive income.

The Group has entered into foreign exchange forward contracts in 2024 maturing at the latest in March 2026 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in US dollar and Czech crown during 2025. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2025: for British pound (GBP) 84.1 million, for Polish zloty (PLN) 238.5 million, for Australian dollar (AUD) 27.2 million, for Czech crown (CZK) 939.7 million, for US dollar (USD) 58.5 million versus EUR and US dollar (USD) 17.1 million versus Czech crown (CZK).

The terms of the foreign currency forward contracts have been negotiated to match the terms of the highly probable forecast transactions. The Group applies hedge accounting to the foreign currency forward contracts.

The changes in the fair value of these hedging instruments, designated as effective instruments in a cash flow hedge, are recognized in OCI until the moment the transaction occurs. At the moment the transaction leads to the recognition of a trade receivable or a trade payable, this cash flow hedge reserve including the changes in fair value of the hedging instrument is included in P&L where it adjusts revenue/costs or, if the transaction leads to the recognition of a non-financial asset or non-financial liability, as an adjustment of the carrying amount of the asset and liability. Further changes in the hedging instrument are recognized in P&L together with the changes in the trade receivables or payables.

For the year ended December 31, 2024, an unrealized gain of €8.5 million (mainly Brazilian real versus EUR for €3.1 million, US dollar versus EUR for €2.7 million and Polish zloty versus EUR for €1.6 million) has been recognized in other comprehensive income, offset by an unrealized loss of €1.5 million (mainly British pound).

As of December 31, 2024, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €6.3 million (2023: €0.9 million) and of the derivative financial liability amounted to €2.0 million (2023: €5.2 million).

An amount of €1.6 million was reclassified to P&L (gain) during 2024 (2023: €1.5 million loss).

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/strengthening of the Euro against the reported currency for the outstanding derivative positions with all other variables held constant.

<i>in € million</i>	10% weakening of the € impact on			10% strengthening of the € impact on		
	2024		2023	2024		2023
	P&L	Equity	P&L	P&L	Equity	P&L
AUD	(0.2)	(1.6)	(0.2)	0.2	1.3	0.2
GBP	(1.2)	(10.0)	(1.0)	1.0	8.2	0.8
PLN	(0.5)	(5.5)	(0.7)	0.4	4.5	0.5
USD	(4.9)	4.7	1.7	4.0	(3.8)	(1.4)

FIN-4.5.4 Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate swaps to manage these risks.

On November 27, 2024, the Group refinanced its €242.5 million revolving credit facility, which had a maturity date in December 2025, with a new revolving credit facility that has a principal amount of €270.0 million and a maturity date in November 2029. The credit facility bears an interest rate of EURIBOR 1 month + margin.

At December 31, 2024, there has been €24.0 million withdrawn on the Floating Rate Revolving Credit Facility, carrying an interest of EURIBOR 1 month + margin of 1.60%. In 2023, the Group had an interest rate swap in place for a notional amount of €150.0 million, but this has ended on December 8, 2024.

There was no OCI net impact for 2024 as all gains/losses were recorded within P&L during 2024. In 2023, the OCI net impact was a €7.7 million gain and €8.1 million was reclassified to P&L (gain).

FIN-4.5.5 Price risk (commodity)

The Group has some exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene, propylene and polypropylene.

The Group also decided to continue to hedge a portion of the fluff, propylene, polypropylene, polyethylene and LDPE exposure in 2024.

Forward contracts to cover the commodity price risk are being reviewed and potentially executed monthly. Forward contracts are initiated over a future period of 12 months covering monthly expected exposure. The total notional amount hedged in 2024 was €42.8 million covering fluff (€28.3 million) and propylene (€14.5 million). The average hedged rate for 2024 was €1,765/Ton for fluff and €1,118/Ton for propylene.

The OCI net impact for 2024 was a €0.2 million loss (2023: €0.9 million loss). €2.0 million was reclassified to P&L (loss) during 2024 (2023: loss of €6.3 million).

Sensitivity of the fair value of derivative financial instruments related to commodities: at December 31, 2024, if there would be a shift of the commodity forward curve by 10% increase/decrease with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €0.7 million higher / €0.7 million lower (2023: impact was €1.4 million higher / €1.4 million lower).

FIN-4.5.6 Equity price risk

Following the issuance of options, RSU's and PSU's as share-based payment arrangements under the different long-term incentive programs ("LTIP") (refer to note FIN-4.28 for details of these programs), the Group is exposed to variations in the Group share price.

In addition, in May 2023, the Company issued a one-time grant of PSUs covering financial years 2023, 2024 and 2025 under the Company's 2023-2025 "Value Creation Projects" Long-Term Incentive Plan (the "VCP LTIP"). For further details on the VCP LTIP, please refer to the Remuneration Report, which forms part of the annual report. The VCP LTIP provides that, at vesting (in May 2026), the Company shall deliver to beneficiaries either existing shares of the Company, newly issued shares of the Company or a combination of both. As the default option, the Board has foreseen that the shares to be delivered upon vesting under the VCP LTIP will be newly issued shares. The Board may however elect to deliver (in full or in part) existing shares instead of newly issued shares. To deliver newly issued shares, the Board would make use of the authorized capital, which allows the Board, within the limits set by Belgian law and the authorization granted by the shareholders' meeting, to increase the Company's capital without further shareholder approval. Any such issuance of new shares would lead to a corresponding dilution for existing shareholders.

In December 2024, the Group launched a share buy-back program to acquire a maximum of 1.5 million shares, representing 1.8% of its issued shares. The shares acquired through the program will contribute to meeting Ontex's obligations under its current and future long-term incentive plans. The share purchases will be spread over a seven-month period, starting on December 1, 2024 and ending on June 30, 2025.

FIN-4.5.7 Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed

transactions. The Group assesses the credit quality of the customer, taking into account their financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% for 2024 and 2023. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

Refer to note FIN-4.13 for the aging of the receivables and the doubtful receivables.

All financial instruments are held at banks and financial institutions with a credit rating of at least A.

The maximum exposure to credit risk at the reporting date is the carrying amount as presented in the table above in the note FIN-4.5.1.

FIN-4.5.8 Liquidity risk

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note FIN-4.17 Interest-bearing debts) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyzes the Group's financial liabilities (including interest payments) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

<i>in € million</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2024				
Interest-bearing debts	(44.4)	(590.6)	-	-
Lease liabilities	(25.9)	(19.8)	(43.3)	(53.5)
Trade payables	(440.1)	-	-	-
Total non-derivative financial liabilities	(510.4)	(610.4)	(43.3)	(53.5)
Forward foreign exchange contracts	(355.0)	(11.0)	-	-
Total derivative financial liabilities	(355.0)	(11.0)	-	-
At December 31, 2023				
Interest-bearing debts	(136.1)	(20.4)	(590.6)	-
Lease liabilities	(30.0)	(26.9)	(46.2)	(70.9)
Trade payables	(370.5)	-	-	-
Total non-derivative financial liabilities	(536.6)	(47.3)	(636.8)	(70.9)
Forward foreign exchange contracts	(274.5)	(10.7)	-	-
Total derivative financial liabilities	(274.5)	(10.7)	-	-

FIN-4.6 Operating segments

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

FIN-4.6.1 Information by product group

The key product categories are:

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

<i>in € million</i>	Full Year	
	2024	2023
Adult Care	800.5	736.4
Baby Care	793.4	790.0
Feminine Care	236.6	241.3
Other	30.0	27.0
Total revenue	1,860.5	1,794.7

FIN-4.6.2 Information by country

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 3% of Ontex Revenue. Sales to countries in our top five markets are presented in the table below. The sales in all other individual countries represent less than 10% of the Group’s revenue.

<i>in € million</i>	Full Year	
	2024	2023
United Kingdom	316.2	303.9
Italy	252.7	219.3
USA	248.9	197.2
France	188.3	190.2
Poland	173.7	167.8
Other countries	680.7	716.2
Total revenue	1,860.5	1,794.7

The following table presents an overview of the non-current assets (property, plant and equipment (PP&E), right to use assets and intangible assets) located in the main countries. Goodwill is not included in the below table as this is not monitored on a country-basis, but at the divisional level.

<i>in € million</i>	December 31	
	2024	2023
Belgium	133.5	123.5
Spain	89.9	72.3
Poland	87.9	83.7
United States	71.8	42.1
Mexico	56.9	68.0
Other countries	192.3	209.8
Total	632.3	599.4

FIN-4.6.3 Revenue from major customers

The Group does not have a single significant customer. In 2024 the largest customer represents 8.3% (2023: 8.5%) of the revenue. The 10 largest customers represent 37.9% of 2024 revenue (2023: 37.3%).

FIN-4.7 List of consolidated companies

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2024	2023		
Can Hygiène SPA ^[4]	Algeria	0.0%	100.0%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Australia Pty Ltd	Australia	100.0%	100.0%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Manufacturing Pty Ltd	Australia	100.0%	100.0%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Eutima BV	Belgium	100.0%	100.0%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontex BV	Belgium	100.0%	100.0%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Active Industria De Cosméticos S.A.	Brazil	100.0%	100.0%	Rua Contorno Oeste 1/16 Quadra 01, Lote 01/16, Modulo 2 Senador Canedo, Goiania, Brazil	CNPJ 22.010816/0001-39
Falcon Distribuidora Armazenamento E Transporte S.A.	Brazil	100.0%	100.0%	Rua Iza Costa 1.104 Quadra: Area Lote Modulo 2, Fazenda Retio, Goiania, Brazil	CNPJ 23.191.831/0001-93
Ontex Hygienic Disposables (Yangzhou) Co.TD	China	100.0%	100.0%	Hangji industrial park, Hanjiang Dictrict, N°1 Zhaizhuang Road, 225111 Yangzhou, China	321000400010102
Ontex Hygienic Disposables (Shanghai) LTD	China	100.0%	100.0%	4F, Building G, No. 69, Hongqiao Green Valley Community, Yuhong Road, Minhang District, Shanghai	91310000MA1GCW6L6Y
Ontex CZ S.r.o.	Czech Republic	100.0%	100.0%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Ontex Hygienic Disposables PLC	Ethiopia	100.0%	100.0%	Tracon Tower Building Addis Ababa, Subcity Arada, Werada 02, Kebele 01, House n° : 30/97, Ethiopia	EIA-PC/01/005318/08
Hygiène Medica SAS	France	100.0%	100.0%	30 Rue Hubble Parc Européen de la Haute Borne, 59262 Sainghin-en-Mélantois, France	401 439 872
Ontex France SAS	France	100.0%	100.0%	586 Boulevard Albert Camus, 69400 Villefranche-sur-Saône, France	338 081 102
Ontex Santé France SAS	France	100.0%	100.0%	Quai du rivage 62119 Dourges, France	502 601 297
Moltex Baby-Hygiene GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
Ontex Engineering GmbH & Co .KG	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRA 21335
Ontex Healthcare Deutschland GmbH	Germany	100.0%	100.0%	Hansaring 6, Lotte 49504, Germany	HRB 9669
Ontex Hygienartikel Deutschland GmbH	Germany	100.0%	100.0%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Inko Deutschland GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 20630

[4] Can Hygiène SPA and Ontex Pakistan Ltd were sold during 2024, see note FIN-4.8

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2024	2023		
Ontex Care GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Mayen GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699
Ontex Vertrieb GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
WS Windel-Shop GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Manufacturing Italy S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	02456370697
Serenity Holdco S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-178769
Serenity Spa	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-99632
Ontex Mexico Operations S.A. de C.V.	Mexico	100.0%	100.0%	Calle 12 Norte No. 105, Ciudad Industrial, Tijuana, Mexico	OMO220624KA3
Ontex Pakistan Ltd ^[4]	Pakistan	0.0%	100.0%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	076658
Ontex Polska sp. z.o.o.	Poland	100.0%	100.0%	ul. Przedsiębiorcow 6, 97-500 Radomsko, Poland	0000010044
Ontex Romania Srl	Romania	100.0%	100.0%	Bucharest Mun. District 1, 48 Iancu de Hunedoara Boulevard, 2nd Floor, Office 1, Bucharest, Romania	J1995007353400
Ontex RU LLC	Russia	100.0%	100.0%	Zemlyanoy Val Street 9, 10564 Moscow, Russia	1055008702649
Ontex ES Holdco S.A.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	B85082832
Ontex ID SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	NIFA-60617875
Ontex Peninsular S.A.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	A40103855
Valor Brands Europe, S.L	Spain	100.0%	100.0%	Torviscal 12, 45007 Toledo, Spain	B2837-1540
Ontex Hygienic Spain, S.L.U.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	M635-328
Ontex Tüketim. Ürn. San. ve Tic. AS	Turkey	100.0%	100.0%	Tekstil Kent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Ukraine LLC	Ukraine	100.0%	100.0%	Building 7(C), 13 M. Pymonenko Street, 04050 Kyiv, Ukraine,	37728333
Ontex Healthcare UK Ltd	United Kingdom	100.0%	100.0%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
Ontex Retail UK Ltd	United Kingdom	100.0%	100.0%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex US Holdco, LLC	USA	100.0%	100.0%	1201 North Market Street, 19801 Wilmington, New Castle county, Delaware, United States of America	35-2548297

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2024	2023		
Valor Brands, LLC	USA	100.0%	100.0%	960 North Point Parkway, Suite 100, Alpharetta, GA 30005, USA	06-1661367
Ontex Operations USA, LCC	USA	100.0%	100.0%	1900 Barnes Street, Reidsville, NC 27320	85-0811594

The percentage of voting rights directly or indirectly held by the Group in the subsidiaries listed in the table above is equal to the percentage of equity interest directly or indirectly held by the Group.

The Group's most significant subsidiaries are Ontex BV, Ontex Mayen GmbH, Ontex Hygienartikel Deutschland GmbH, Ontex Santé France SAS, Ontex CZ Sro, Serenity Spa, Ontex Manufacturing Italy S.r.l. and Valor Brands LLC.

For the financial year ending December 31, 2024 the following companies make use of the exemptions in accordance with the German regulations of § 267 section 3 HGB:

- Ontex Vertrieb GmbH, Mayen;
- Ontex Mayen GmbH, Mayen;
- Moltex Baby-Hygiene GmbH, Mayen;
- WS Windel-Shop, Mayen;
- Ontex Healthcare Deutschland GmbH, Lotte;
- Ontex Hygieneartikel Deutschland GmbH, Grosspostwitz; and
- Ontex Engineering GmbH & Co. KG, Mayen.

FIN-4.8 Disposal group held for sale and discontinued operations

Following its strategic review that was announced at the end of 2021 and formalized in the beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the “Emerging Markets”. Activities in “Emerging Markets” were and are primarily driven by own brands and essentially grouped the Central and South American activities, as well as those in the Middle East and Africa.

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

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

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. Closing of the transaction occurred at the beginning of May 2023 and the proceeds from the transaction were exclusively applied to reduce debt. During 2023, Ontex entered into binding agreements for the sale of both its Algerian and Pakistan business. Both transactions were closed in the first half of 2024.

In September 2024, Ontex entered into a binding agreement to sell its Brazilian business activities to Softys S.A. The transaction is expected to be completed in the first half of 2025. In February 2025, Ontex announced that it has entered into a binding agreement to sell its Turkish subsidiary to Dilek Grup, with an expectation to close the transaction in the third quarter of 2025. Upon closing of the Turkish transaction, all assets held for sale at December 31, 2024 will be disposed.

Disposal group classified as held for sale

Within the result for the period from discontinued operations, there are EBITDA adjustments for an amount of €27.1 million (in 2023: €27.1 million) of which €51.6 million (in 2023: €14.4 million) is related to changes to the group structure, including the sale of the Algerian and Pakistani business as well as project costs made for the sale of the Brazilian business, while an income of €24.5 million was booked related to impairments (in 2023: loss of €12.7 million). This €24.5 million consists of the reversal of previously booked impairments on the Brazilian business of €30.9 million based on the expected proceeds of the Brazilian sale versus the Brazilian net assets, while an impairment of €6.4 million was booked for Turkey, based on the expected proceeds from that transaction.

From the €51.6 million loss related to changes to the group structure, a loss of €26.5 million is related to the sale of the Algerian and Pakistani business and is detailed as follows:

	Full Year
<i>in € million</i>	2024
Total cash received at December 31, 2024	33.6
Cash disposed	(9.5)
Net cash impact	24.1
Tax on realized statutory gain	(7.4)
Carrying amount of net assets sold	(23.4)
Result on disposal before reclassification of foreign currency translation reserve	(6.8)
Reclassification of foreign currency translation reserve ^[5]	(19.7)
Result on disposal	(26.5)

The remaining amount is mostly related to the sale of the Brazilian activities for which an upfront cost of €21.1 million has been incurred and which is therefore part of the investing cash flow. The incurred cost relates to the Protege legal case which is disclosed in note FIN-4.29 and the amounts corresponds to the Protege contributions for the period 2020 to date.

[5] The reclassification of foreign currency translation reserve is for €9.2 million related to the Algerian activities and for €10.5 million to the Pakistani activities

The €14.4 million loss related to changes to the group structure in 2023 was mostly related to the sale of the Mexican business (€11.2 million), while the impairment losses in 2023 were related to impairments on the business in Algeria (€9.0 million) and Pakistan (€3.6 million). The Mexican transaction entailed a deferred consideration for which we refer to FIN-4.13.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

in € million	December 31	
	2024	2023
Non-current Assets		
Intangible assets	7.6	0.1
Property, plant and equipment	81.1	69.4
Right-of-use assets	20.8	18.0
Deferred tax assets	0.0	4.1
Non-current receivables	0.2	0.3
	109.8	92.0
Current Assets		
Inventories	34.0	57.7
Trade receivables	41.2	63.6
Prepaid expenses and other receivables	4.8	7.9
Current tax assets	1.8	3.8
Derivative financial assets	0.4	0.0
Cash and cash equivalents	67.3	71.1
	149.5	204.1
Assets classified as held for sale	259.3	296.1

in € million	December 31	
	2024	2023
Non-current liabilities		
Employee benefit liabilities	4.3	2.8
Interest-bearing debts	10.9	15.3
Deferred tax liabilities	11.6	7.6
	26.8	25.7
Current liabilities		
Interest-bearing debts	5.2	5.4
Derivative financial liabilities	-	0.2
Trade payables	58.2	82.2
Accrued expenses and other payables	7.2	11.8
Employee benefit liabilities	5.6	8.5
Provisions	1.5	2.8
	77.8	110.9
Liabilities related to assets classified as held for sale	104.6	136.6

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2024 were €210.7 million.

Financial performance

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

<i>in € million</i>	Full Year	
	2024	2023
Revenue	306.9	546.8
Operating expenses (excl. depreciations and amortizations)	(277.7)	(497.4)
Adjusted EBITDA	29.2	49.4
Income and expenses related to impairment losses and restructuring	(27.1)	(27.1)
EBITDA	2.1	22.3
Depreciation and amortization	(0.0)	(0.0)
Financial result	(6.4)	(8.8)
Profit/(loss) before income tax	(4.3)	13.5
Income tax expense	(6.3)	(5.7)
Profit/(loss) for the period from discontinued operations	(10.7)	7.9

<i>Earnings per share for discontinued operations in €</i>	Full Year	
	2024	2023
Basic earnings per share	(0.13)	0.10
Diluted earnings per share	(0.13)	0.09

Cash flows

The cash flow information presented for the period ended December 31, 2024 and 2023:

<i>in € million</i>	Full year	
	2024	2023
Net cash generated from / (used in) operating activities	24.2	117.6
Net cash generated from / (used in) investing activities	(11.0)	37.8
Net cash generated from / (used in) financing activities	(12.7)	(139.1)
Net increase / (decrease) in cash and cash equivalents	0.5	16.3
Effects of exchange rate changes on cash and cash equivalents	(4.3)	(4.9)

The above cash flow does not include the total cash received for the sale of the Mexican activities in 2023 as this was received by the owners of the Mexican activities, i.e. Ontex BV and Eutima BV, which are part of the continuing operations

Hyperinflation

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 as of January 1, 2022. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into euro at the period closing exchange rate.

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

- Hyperinflation accounting was applied as of January 1, 2022 and was continuously applied during 2023 and 2024;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Turkey were restated using

official Consumer Price Index ('CPI') published by the Turkish Statistic Institute TUIK. The hyperinflation impacts resulting from changes in the general purchasing power until December 31, 2021 were reported in cumulative translation reserves and the impacts of changes in the general purchasing power from January 1, 2022 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line. This impact on the finance line in 2024, in combination with the application of the CPI on the income statement, amounted to €-12.2 million (2023: €-10.0 million). The CPI index at December 31, 2024 amounted to 2,684.55 which means an increase of 44% versus December 31, 2023; and

- Next to adjusting the income statement at the end of each reporting period using the change in the consumer price index, it is also converted at the closing exchange rate of each period (rather than the monthly average rate for non-hyperinflationary economies), of which the impact is offset in the finance line. This impact in 2024 amounted to €2.0 million (2023: €1.2 million).

In 2024, the Turkish operations after hyperinflation accounting represented 34.4% (2023: 17.0%) of the company's revenue from discontinued operations. The increase is explained by the sale of the Mexican, Algerian and Pakistani business during 2023 and 2024.

The hyperinflation impact on the net assets held for sale presented above of €154.8 million, amounts to €15.3 million (2023: €14.7 million).

FIN-4.9 Goodwill and intangible assets

<i>in € million</i>	Goodwill	Capitalized Development	IT implementation costs	Other intangibles	Total
Period ended December 31, 2024					
Opening carrying amount	796.0	7.4	17.7	7.5	828.6
Additions	0.0	1.1	6.0	2.6	9.8
Transfers	0.0	2.8	1.3	(2.8)	1.3
Reclassified as held for sale	0.0	0.0	(0.0)	0.1	0.1
Amortization expense	0.0	(2.3)	(7.5)	0.0	(9.7)
Impairment	0.0	(0.2)	0.0	(0.0)	(0.2)
Exchange differences	3.4	0.0	(0.0)	0.0	3.4
Closing carrying amount	799.4	8.8	17.5	7.4	833.2
At December 31, 2024					
Cost	841.2	18.6	82.2	21.5	963.6
Accumulated amortization and impairment	(41.8)	(9.8)	(64.7)	(14.1)	(130.4)
Carrying amount	799.4	8.8	17.5	7.4	833.2
Period ended December 31, 2023					
Opening carrying amount	797.9	4.1	18.9	9.6	830.6
Additions	0.0	0.3	7.4	3.0	10.7
Transfers	0.0	5.0	0.3	(5.0)	0.3
Amortization expense	0.0	(1.7)	(7.6)	0.0	(9.2)
Impairment	0.0	(0.4)	(1.4)	0.0	(1.8)
Exchange differences	(1.9)	0.0	(0.0)	(0.0)	(1.9)
Closing carrying amount	796.0	7.4	17.7	7.5	828.6
At December 31, 2023					
Cost	847.1	14.7	75.4	21.6	958.9
Accumulated amortization and impairment	(51.1)	(7.4)	(57.7)	(14.1)	(130.2)
Carrying amount	796.0	7.4	17.7	7.5	828.6

Capitalized IT implementation costs represent internally developed and externally purchased software for own use.

The amortization expense is included in the captions of the consolidated income statement as follows:

<i>in € million</i>	Full year	
	2024	2023
Cost of sales	0.2	0.1
General and administrative expenses	9.6	9.2
Total amortization expense	9.7	9.2

The Group incurred €14.5 million of research and development expenses in 2024 (2023: €13.5 million) that has been recorded under the caption 'General and administrative expenses'.

No intangible assets have been pledged in the context of financial liabilities.

FIN-4.9.1 Goodwill

History

At the end of 2010, Ontex was acquired from Candover by Goldman Sachs Capital Partners and TPG Capital, both holding 50% of the shares of the new Ontex top-holding company. At the time of the acquisition, the net assets of Ontex were negative which resulted in the generation of goodwill of €841.5 million.

In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy. This acquisition resulted in the recognition of a goodwill of €18.6 million.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products. This major acquisition resulted in the recognition of a goodwill for €236.1 million, which was denominated in Mexican peso and US dollars.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil"). This resulted in a goodwill of €128.3 million, which was denominated in Brazilian real.

Following its strategic review that was announced at the end of 2021 and formalized in the beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the "Emerging Markets". Activities in "Emerging Markets" were and are

primarily driven by own brands and essentially grouped the Central and South American activities, as well as those in the Middle East and Africa. Following this strategy, €170.6 million of goodwill was reclassified to assets held for sale.

Goodwill impairment

The Group has determined the following cash-generating units for the purpose of the goodwill impairment testing:

- Europe
- Russia
- North America

Annual impairment reviews are performed during the fourth quarter of each year for all CGUs, except if there would be factors indicating a risk for impairment loss. These reviews compare the carrying value of each CGU with the recoverable amount of the CGU's assets calculated using a discounted cash flow model. If the recoverable amount is less than the carrying value of the CGU, an impairment loss is recognized immediately in the income statement. The test at year-end did not lead to any impairment, nor in 2023.

The judgments and estimates considered in the context of the impairment tests are disclosed in note FIN-4.4.4.

Goodwill allocated to the CGUs as at December 31 was as follows:

<i>in € million</i>	Full year	
	2024	2023
Europe	743.1	743.1
North America	56.3	53.0
Goodwill allocated to the CGU's	799.4	796.0

The recoverable amount of a CGU is determined by means of value-in-use calculations. These calculations are based on pre-tax cash flow projections (prepared in euros) using key parameters from the consolidated financial budget approved by Ontex' Board of Directors, the Group's Strategic Plan through 2027 and 2028 figures based on the average growth rate in the

Strategic Plan. Cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America.

The key assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates, estimated changes to selling prices, product offerings, direct costs, operating margins and terminal growth rates. Climate-related matters were considered but did not have a material impact on the value-in-use calculation as explained in note FIN-4.4.4.

The discount rate is a measure based on industry average weighted cost of capital and risk-free rates weighted for the different regions in which the CGU's are operating.

Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on key parameters from the consolidated financial budget approved by the Board of Directors, the Group's Strategic Plan through 2027, and pre-tax discount rates for each CGU, as described in note FIN-4.4.4, based on current market assessments of the time value of money and the risks specific to the Group.

The development of the financial budget and Strategic Plan relies on a number of assumptions, including:

- The market growth, the evolution of the Group's market share, competitive landscape and innovation trends in the different markets as well as strategic initiatives
- The product mix
- The expected evolution of various direct and indirect expenses
- The estimated future capital expenditure

The assumptions were derived mainly from:

- Available historic data
- External market research
- Internal market expectations based on trend reports, etc.

The key assumptions used are reviewed and updated on a yearly basis by the Group's management. Taking into account the excess of the cash-generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2024. The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note FIN-4.4.4.

FIN-4.10 Property, plant and equipment

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2024						
Opening carrying amount	75.9	300.6	0.9	1.1	83.0	461.5
Additions	1.8	41.1	0.3	0.1	55.8	99.2
Transfers	1.7	42.9	0.0	0.1	(46.0)	(1.3)
Disposals	0.0	(0.0)	(0.0)	0.0	0.0	(0.1)
Depreciation expense	(4.1)	(38.6)	(0.3)	(0.2)	0.0	(43.1)
Impairment	0.0	(10.5)	0.0	0.0	0.1	(10.4)
Capital grants received	0.0	(0.9)	0.0	0.0	0.0	(0.9)
Exchange differences	(0.9)	(5.5)	(0.0)	0.0	(1.3)	(7.8)
Reclassified as held for sale	(0.1)	(2.5)	0.0	0.0	3.1	0.5
Closing carrying amount	74.4	326.5	0.9	1.1	94.7	497.6
At December 31, 2024						
Cost	126.2	634.3	3.8	4.2	94.7	863.3
Accumulated depreciation and impairment	(51.8)	(307.8)	(2.9)	(3.2)	(0.0)	(365.7)
Carrying amount	74.4	326.5	0.9	1.1	94.7	497.6

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2023						
Opening carrying amount	77.8	300.4	0.9	0.4	40.6	420.1
Additions	1.9	25.4	0.3	0.7	51.9	80.3
Transfers	3.2	12.2	(0.1)	(0.3)	(15.4)	(0.3)
Disposals	(3.9)	(0.3)	(0.0)	0.0	(0.3)	(4.5)
Depreciation expense	(2.8)	(36.7)	(0.2)	(0.2)	0.0	(39.9)
Impairment	(0.0)	0.3	0.0	0.0	(0.3)	0.0
Capital grants received	0.0	(0.4)	0.0	0.0	0.0	(0.4)
Exchange differences	(0.0)	2.9	(0.0)	0.0	0.9	3.8
Reclassified as held for sale	(0.1)	(3.4)	(0.0)	0.4	5.5	2.4
Closing carrying amount	75.9	300.6	0.9	1.1	83.0	461.5
At December 31, 2023						
Cost	124.1	567.0	3.7	4.1	83.0	781.9
Accumulated depreciation and impairment	(48.2)	(266.4)	(2.8)	(3.0)	0.0	(320.4)
Carrying amount	75.9	300.6	0.9	1.1	83.0	461.5

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

Impairment losses in 2024 amount to €10.4 million and are mostly related to the Belgian restructuring with the closure of the Eeklo plant and the reorganization of the Buggenhout plant, leading to the cancellation of some production lines, while others were moved to different plants within the Group. This had an overall impact of €6.4 million. In 2023, no material impairments were needed.

The depreciation expense is included in the consolidated income statement as follows:

<i>in € million</i>	Full year	
	2024	2023
Cost of Sales	38.7	36.1
Distribution expenses	1.3	1.2
Sales and marketing expenses	0.1	0.1
General administrative expenses	1.4	1.4
Other operating income	1.6	1.1
Total depreciation expense	43.1	39.9

No pledges have been set on the items of property, plant and equipment, except for some machinery in the context of local borrowings.

FIN-4.11 Leases

<i>in € million</i>	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2024				
Opening carrying amount	92.3	2.3	10.6	105.2
Additions	3.5	2.0	7.5	13.0
Depreciation expense	(14.6)	(1.2)	(5.4)	(21.2)
Modifications to lease liabilities	3.7	0.1	0.0	3.7
Exchange differences	0.3	(0.0)	(0.1)	0.1
Closing carrying amount	85.2	3.0	12.7	100.9
At December 31, 2024				
Cost	158.0	6.3	23.4	187.8
Accumulated depreciation and impairment	(72.8)	(3.3)	(10.7)	(86.8)
Carrying amount	85.2	3.0	12.7	100.9
Period ended December 31, 2023				
Opening carrying amount	100.1	2.5	7.5	110.1
Additions	0.3	0.7	7.2	8.2
Disposals	0.0	0.0	0.1	0.1
Depreciation expense	(15.5)	(1.2)	(4.7)	(21.5)
Impairment	(2.9)	0.0	0.0	(2.9)
Modifications to lease liabilities	10.5	0.3	0.6	11.4
Exchange differences	(0.1)	0.0	(0.1)	(0.2)
Closing carrying amount	92.3	2.3	10.6	105.3
At December 31, 2023				
Cost	157.4	5.3	21.8	184.5
Accumulated depreciation and impairment	(65.0)	(3.1)	(11.2)	(79.3)
Carrying amount	92.3	2.3	10.6	105.2

The Group leases mainly plants and warehouses (lease terms between 3 and 25 years), machinery (lease terms of 5 years on average) and company cars (lease terms between 4 and 5 years).

For the lease of land and buildings, the Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until

they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. As at December 31, 2024, potential future cash outflows of €15.4 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (2023: €9.3 million).

The consolidated income statement presents the following amounts relating to leases:

<i>in € million</i>	Full year	
	2024	2023
Cost of Sales	8.4	7.5
Distribution expenses	8.8	9.4
Sales and marketing expenses	1.3	1.1
General administrative expenses	2.8	3.2
Other operating income/(expenses)	0.0	0.3
Total depreciation expense	21.2	21.5
Interest expense	4.5	4.4
Expense relating to short-term leases	16.0	13.8
Expense relating to leases of low-value assets	0.2	0.2
Expense relating to variable lease payments	4.1	3.4

The lease liabilities are detailed in note FIN-4.17.

FIN-4.12 Inventories

Inventories can be split as follows:

<i>in € million</i>	December 31	
	2024	2023
Raw materials	128.2	122.8
Work in progress	1.4	1.0
Finished goods	175.1	137.2
Other	6.6	6.2
Write-down on inventories	(18.3)	(14.4)
Inventories	292.9	252.8

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under 'Cost of sales' amounted to €1,316.7 million in 2024 (€1,327.3 million in 2023).

FIN-4.13 Trade receivables, prepaid expenses and other receivables

The current trade and other receivables are detailed below:

<i>in € million</i>	December 31	
	2024	2023
Trade receivables	208.1	210.4
Less: allowance for impairment of trade receivables	(4.0)	(4.4)
Trade receivables - net	204.1	206.1
Prepayments	3.4	4.8
Other amounts receivable	63.9	58.7
Prepaid expenses and other receivables	67.2	63.5
Trade and other receivables - Current	271.3	269.5

Other amounts receivable include recoverable VAT for an amount of €59.0 million for 2024 (2023: €55.5 million). The fair value of the current receivables approximates their carrying amounts.

The aging of the trade receivables (net) at December 31 is as follows:

<i>in € million</i>	December 31	
	2024	2023
Not due	183.8	182.5
0 to 30 days	12.3	12.6
31 to 60 days	2.9	4.4
61 to 90 days	1.5	1.6
Over 90 days	3.6	5.0
Total	204.1	206.1

The Group does not systematically apply external credit rating.

The carrying amount of the Group's trade receivables (net) are denominated in the following currencies:

<i>in € million</i>	December 31	
	2024	2023
EUR	75.7	87.7
PLN	35.9	33.6
USD	34.9	25.9
GBP	28.0	29.0
RUB	12.9	14.7
Other	16.8	15.3
Total	204.1	206.1

During the year, the payment terms for the receivables have neither deteriorated nor been renegotiated that affect the overall payment terms. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security.

An impairment analysis of trade receivables is done based on expected losses, next to individual assessments, but there are no significant impairments.

Movements on the Group allowance for impairment of trade receivables are as follows:

<i>in € million</i>	December 31	
	2024	2023
Opening Balance	4.4	4.1
Allowance for receivable impairment	0.5	0.8
Receivables written off during the year as uncollectible	(0.7)	(0.3)
Unused amounts reversed	(0.0)	(0.0)
Foreign exchange differences	(0.1)	(0.2)
At December 31	4.0	4.4

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The creation and the release of the allowance for impaired receivables have been included in 'Sales and marketing expense' in the income statement.

Factoring

The Group has a long term, standing non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance (the “Factor”). The Agreement provides us with a maximum credit facility of up to €200.0 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to the Group.

The non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance has an interest rate based on Euribor 3 months + margin and the all-in cost for factoring, including interest and factoring fees is €7.1 million for 2024, compared to €6.4 million in 2023.

In accordance with IFRS 9 Financial instruments, all non-recourse trade receivables, included in these factoring programs, are derecognized for the non-continuing involvement part.

For the non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance, at December 31, 2024 the trade receivables before factoring amounted to €185.3 million out of which €127.6 million was derecognized leading to a continuing involvement of €57.7 million. As at December 31, 2023 the trade receivables before factoring balance was €178.3 million out of which €112.0 million was derecognized leading to a continuing involvement of €66.3 million.

Next to the above-mentioned Group factoring agreement a number of local non-recourse agreements are in place at local level. Bilateral factoring agreements are in place for Serenity (Italian subsidiary) with Ifitalia, Banca Sistema and BFF and Ontex Russia has agreements with AK BARS BANK PJSC and Rosbank. The all-in cost for factoring, including interest and factoring fees for these programs amounts to €3.1 million for 2024, compared to €3.1 million in 2023.

As at December 31, 2024, €167.9 million (December 31, 2023: €155.8 million) of financing was obtained through the above mentioned factoring programs, this is in addition to €6.4 million (December 31, 2023: €4.3 million) of financing which was obtained through the use of supply chain financing programs offered by our customers. Including the factoring amount in the Assets held for sale (€1.5 million), the total outstanding factoring amount at December 31, 2024, amounts to €175.8 million (2023: €163.8 million). The late payment risk related to the factoring has been assessed as immaterial at closing 2024 and 2023.

Non-current receivable

During 2023, Ontex completed the sale of its Mexican business for which a part of the total consideration was classified as a deferred consideration, amounting to €28.6 million at December 31, 2023. A large part of this deferred consideration has been paid in the meantime and is part of the ‘proceeds from divestments, net of cash disposed and transaction costs’ in the investing cashflow. The remaining balance amounts to €10.8 million.

FIN-4.14 Cash and cash equivalents

The net cash position as presented in the consolidated statement of cash flows is as follows:

<i>in € million</i>	December 31	
	2024	2023
Short-term bank deposits (no longer than 3 months)	15.7	23.5
Cash at bank and on hand	41.3	73.7
Total	56.9	97.2

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value. Ontex Russia has cash that can only be used to a certain extent by other entities within the group but is accessible on demand by the subsidiary and is therefore included in cash and cash equivalents in the statement of financial position.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

<i>in € million</i>	December 31	
	2024	2023
AA	0.3	0.8
A	38.0	69.7
BBB	1.3	0.4
BB	-	0.5
No credit rating	17.3	25.8
Total	56.9	97.2

FIN-4.15 Share capital

The share capital and premium of €1,208.0 million is represented by 82,347,218 shares, of which 1,260,044 treasury shares (2023: 1,199,429 treasury shares). As such, 81,087,174 shares (2023: 81,147,789) are held by third parties.

The issued capital is fully paid up and consists of ordinary shares without par value. For information on the amount of authorized shares, refer to GOV-4.8.

FIN-4.16 Earnings per share

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2024 was 81,178,171, which is the weighted average number of shares for 2024 (2023: 81,105,045 shares).

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

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

	Full Year	
<i>in € million</i>	2024	2023
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	20.9	26.9
Profit/loss attributable to equity holders of the Company	10.3	34.8
Diluted earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	20.9	26.9
Profit/loss attributable to equity holders of the Company	10.3	34.8
Adjusted Basic Earnings		
Profit from continuing operations attributable to equity holders of the Company	20.9	26.9
EBITDA adjustments	72.7	14.9
Tax correction	(17.9)	(3.3)
Adjusted Basic Earnings	75.8	38.6
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	75.8	38.6

Number of Shares	Full Year	
	2024	2023
Weighted average number of ordinary shares outstanding during the period	81,178,171	81,105,045
Dilution	3,997,921	2,484,081

Earnings per share <i>in €</i>	Full Year	
	2024	2023
For continuing operations		
Basic earnings per share	0.26	0.33
Diluted earnings per share	0.25	0.32
Adjusted basic earnings per share	0.93	0.48
Adjusted diluted earnings per share	0.89	0.46
For continuing and discontinued operations		
Basic earnings per share	0.13	0.43
Diluted earnings per share	0.12	0.42

A weighted average number of 1,430,523 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2024 (2023: 2,891,615 options).

FIN-4.17 Interest-bearing debts

<i>in € million</i>	December 31	
	2024	2023
Non-current		
Borrowings:	577.4	575.7
Senior Notes	577.2	575.5
Other borrowings	0.1	0.2
Lease and other liabilities	89.8	96.1
Lease liabilities	89.8	96.1
Interest-bearing debts non-current	667.1	671.8
Current		
Borrowings:	33.3	122.5
Revolving Credit Facility	24.0	113.1
Accrued interests	9.3	9.5
Lease and other liabilities	19.8	18.6
Lease liabilities	19.8	18.6
Interest-bearing debts current	53.1	141.1
Total interest-bearing debts	720.2	812.9

All borrowings are denominated in € as of December 31, 2024.

On November 27, 2024, the Group refinanced its €242.5 million revolving credit facility, which had a maturity date in December 2025, with a new revolving credit facility that has a principal amount of €270.0 million and a maturity date in November 2029. It carries an interest rate based on EURIBOR 1 month plus a margin. The margin is subject to the leverage ratio and equals 1.60% at a leverage of 2.46 at the end of 2024. At December 31, 2024, an amount of €24.0 million was utilized on the revolving credit facility, versus €115.0 million at December 31, 2023.

Ontex's main financing consists of its €580.0 million High Yield bond ('Senior Notes'), with a coupon of 3.50% fixed rate maturing in July 2026.

The following table reconciles the movements of the financial liabilities to the cash flows arising from financing activities:

<i>in € million</i>	Opening carrying amount	Cash flows	Non-cash movements					Closing carrying amount	Of which held for sale
			Acquisition	Descope	Exchange differences	Reclasses	Other		
December 31, 2024									
Non-current interest-bearing debts									
Borrowings	575.7	(0.1)	-	-	0.0	-	1.7	577.4	
Lease and other liabilities	111.3	(24.7)	13.6	(0.4)	(2.4)	(1.8)	5.0	100.7	10.9
Current interest-bearing debts									
Borrowings	123.5	(92.0)		0.0	0.0	-	1.8	33.3	
Lease and other liabilities	23.0	0.7	-	(0.1)	(0.3)	1.8	(0.0)	25.0	5.2
Total liabilities from financing activities	833.5	(116.1)	13.6	(0.5)	(2.7)	0.0	8.5	736.3	16.1
Presented in the statement of cash flows (financing activities) as follows:									
Proceeds from borrowings		67.4							
Repayment of borrowings ^[6]		(183.6)							
December 31, 2023									
Non-current interest-bearing debts									
Borrowings	793.4	(220.0)	-	-	(0.3)	(1.9)	4.4	575.7	0.0
Lease and other liabilities	115.2	(24.8)	11.0	(1.1)	(3.2)	1.6	12.7	111.3	15.3
Current interest-bearing debts									
Borrowings	134.1	(11.1)	-	-	(0.5)	1.9	(0.9)	123.5	0.9
Lease and other liabilities	33.5	(8.0)	-	(0.9)	0.2	(1.6)	(0.1)	23.0	4.5
Total liabilities from financing activities	1,076.1	(263.9)	11.0	(2.0)	(3.8)	0.0	16.2	833.5	20.7
Presented in the statement of cash flows (financing activities) as follows:									
Proceeds from borrowings		121.9							
Repayment of borrowings		(385.8)							

[6] Repayment of borrowings differs from the €184.7 million as reported in note FIN-3.5 as the share buy-back program is included there for €1.1 million

FIN-4.17.1 Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored. At year-end 2024 and 2023, all covenants were met.

No assets have been pledged in the context of the syndicated term loans. However, certain subsidiaries act as guarantors for these loans. For local borrowings, some machinery are pledged.

FIN-4.17.2 Other information

Serenity Spa has a total of €55.0 million lines of credit available, of which €28.7 million has been used through the issuance of external bank guarantees:

- €30.0 million from UniCredit
- €25.0 million from BPER

A line of credit of AUD 1.0 million has been granted to Ontex Manufacturing Pty Ltd by Commonwealth Bank Australia, of which AUD 0.2 million has been used.

FIN-4.18 Employee benefit liabilities

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the statement of financial position can be analyzed as follows:

<i>in € million</i>	December 31	
	2024	2023
Post-employment benefits	12.8	13.8
Long-term benefits	0.6	1.1
Employee benefit liabilities	13.4	14.9
Short-term employee benefit liabilities	45.3	41.0
Net liability	58.7	55.9

The calculation of the liability is based on actuarial assumptions that have been determined on the various statement of financial position dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits

Ontex makes payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, Ontex operates a defined benefit insurance scheme in Belgium and Ontex also has an obligation to make severance payments to employees upon their retirement in France.

Ontex also operates several unfunded pension arrangements in respect of its German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

The Group operates a couple of defined contribution (DC) plans which receive fixed contributions. The Group's legal or constructive obligation for these plans is limited to the

contributions. The expense recognized in the current period in relation to these contributions amounts to €3.6 million (see also note FIN-4.22 below; 2023: €3.3 million).

In Belgium, the defined contribution (DC) plans are subject to a minimum guaranteed rate of return by law and are hence treated as defined benefit (DB) plans. In practice, this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2024, no liability has been recognized (2023: nil). The accumulated reserves of these plans are equal to the assets. There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk.

Reconciliation of the post-employment employee benefit liabilities

Recognition of the obligation <i>in € million</i>	December 31	
	2024	2023
Defined benefit obligation (DBO) at end of period	(32.0)	(32.0)
Fair value of plan assets at end of period	20.8	19.6
Funded status	(11.2)	(12.4)
Net (liability)/asset in statement of financial position	(11.2)	(12.4)
Defined benefit cost		
Current service cost	(2.1)	(1.6)
Past service cost	0.4	0.1
Service cost recognized in Income Statement	(1.7)	(1.5)
Interest expense on DBO	(1.1)	(1.1)
Interest income on plan assets	0.7	0.6
Net interest cost	(0.4)	(0.5)
Pension expense	(2.1)	(2.0)

Reconciliation of the obligation <i>in € million</i>	December 31	
	2024	2023
Defined benefit obligation (DBO) at beginning of year	(32.0)	(26.2)
Other significant events (transfers)	-	(4.4)
Current service cost	(2.1)	(1.6)
Past service cost	0.4	0.1
Service cost	(1.7)	(1.5)
Interest expense on DBO	(1.1)	(1.1)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.2	0.1
Benefit payments from plan	1.0	0.7
Benefit payments from employer	0.7	0.6
Effect of changes in financial assumptions	0.2	(0.5)
Effect of experience adjustments	0.6	0.3
Effect of changes in foreign exchange rates	0.1	-
Defined benefit obligation (DBO) at end of year	(32.0)	(32.0)

Reconciliation of plan assets at fair value <i>in € million</i>	December 31	
	2024	2023
Fair value of plan assets at beginning of year	19.6	15.2
Interest income	0.7	0.6
Employer contribution	2.2	1.8
Plan participants' contributions	0.1	0.1
Other significant events (transfers)	-	3.7
Benefit payments from plan	(1.0)	(0.7)
Benefit payments from employer	(0.7)	(0.6)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.2)	(0.1)
Return on plan assets (excluding interest income)	0.2	(0.1)
Fair value of plan assets at end of year	20.8	19.6

Reconciliation of net (liability)/asset in statement of financial position <i>in € million</i>	December 31	
	2024	2023
Net (liability)/asset at beginning of year	(12.4)	(11.1)
Other significant events (transfers)	-	(0.8)
Defined benefit cost included in the income statement	(1.7)	(1.5)
Net interest expense	(0.4)	(0.5)
Total remeasurements included in OCI	1.0	(0.4)
Employer contributions	2.2	1.8
Effect of changes in foreign exchange rates	0.1	-
Net (liability)/asset at end of year	(11.2)	(12.4)
Unfunded versus Funded		
Part of DBO from plans that are wholly unfunded	(11.2)	(12.4)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2025 are €1.7 million.

Significant actuarial assumptions

December 31, 2024	Country					
	Poland	Mexico	Belgium	Germany	France	Italy
Discount rate	5.80%	9.90%	3.55%	3.30% / 3.46% / 3.50% pensions & jubilee and 2,00% ATZ	3.40%	3.30%
Expected Interest Income	5.80%	9.90%	3.55%	3.30% / 3.46% / 3.50% pensions & jubilee and 2.00% ATZ	3.40%	3.30%
Salary increase rate (on top of inflation)	7.50% in 2025 2.70% in 2026 2.50% afterwards	4.54%	3.50%	N/A / N/A / 2.50% ATZ	3.70%	N/A
Rate of inflation	5.20% in 2025 2.70% in 2026 2.50% afterwards	4.00%	2.00%	2.00% / 0.00% / 2.00% only pensions	2.00%	1.90%
Mortality table	For men: 90% PTTZ 2023 men For women: 90% PTTZ 2023 women	EMSSA09	MR -5 / FR -5	Heubeck 2018 G	INSEE 2018/2020	IPS55
Turnover table/rates	7.70%	Company experience	Mercer turnover table	N/A / N/A / only jubilee: 10% of employees 60 years old and younger	New client's table, nil after age 50	5% until age 50, 2% from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average durations	10.3	11.0	4.8	6.7	10.1	7.1

December 31, 2023	Country				
	Mexico	Belgium	Germany	France	Italy
Discount rate	9.90%	3.50%	3.20% / 3.50% / 3.50% pensions & jubilee and 3,10% ATZ	3.20%	3.40%
Expected Interest Income	9.90%	3.50%	3.20% / 3.50% / 3.50% pensions & jubilee and 3,10% ATZ	3.20%	3.40%
Salary increase rate (on top of inflation)	4.54%	3.50%	N/A / N/A/ 2.50% ATZ	4.00%	N/A
Rate of inflation	4.00%	2.25%	2.25% / 0.00% / 2.00% only pensions	2.25%	2.50%
Mortality table	EMSSA09	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2017/2019	IPS55
Turnover table/rates	Based on company experience	Mercer turnover table	N/A / N/A / only jubilee: 10% of employees 60 years old and younger	New client's table, nil after age 50	5% until age 50, 2% from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A	N/A
Weighted average durations	11.0	5.8	7.0	11.2	8.2

There are no unusual entity-specific or plan-specific risks to which the plan exposes the entity, neither are there any significant concentrations of risk.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

in € million	December 31, 2024					
	Poland	Mexico	Belgium	Germany	France	Italy
Discount rate -0.25bp	(0.1)	(0.8)	(22.5)	(6.0)	(2.0)	(1.6)
Discount rate +0.25bp	0.1	0.8	22.2	5.8	1.9	1.5
Salary increase -0.25bp	(0.1)	(0.8)	(22.4)	(5.9)	(1.9)	(1.5)
Salary increase +0.25bp	0.1	0.8	22.4	5.9	2.0	1.5

in € million	December 31, 2023				
	Mexico	Belgium	Germany	France	Italy
Discount rate -0.25bp	(0.9)	(22.6)	(6.4)	(1.9)	(1.7)
Discount rate +0.25bp	0.9	22.1	6.2	1.8	1.6
Salary increase -0.25bp	(0.9)	(22.3)	(5.6)	(1.8)	(1.6)
Salary increase +0.25bp	0.9	22.3	5.6	1.9	1.6

Post-Employment Benefits by Country

Recognition of the obligation <i>in € million</i>	December 31, 2024					
	Poland	Mexico	Belgium	Germany	France	Italy
Defined benefit obligation (DBO) at end of period	(0.1)	(0.8)	(21.9)	(5.7)	(2.0)	(1.5)
Fair value of plan assets at end of period	-	-	20.8	-	-	-
Funded status	(0.1)	(0.8)	(1.1)	(5.7)	(2.0)	(1.5)
Net (liability)/asset in statement of financial position	(0.1)	(0.8)	(1.1)	(5.7)	(2.0)	(1.5)

Recognition of the obligation <i>in € million</i>	December 31, 2023				
	Mexico	Belgium	Germany	France	Italy
Defined benefit obligation (DBO) at end of period	(0.9)	(21.5)	(6.2)	(1.8)	(1.6)
Fair value of plan assets at end of period	-	19.6	-	-	-
Funded status	(0.9)	(1.9)	(6.2)	(1.8)	(1.6)
Net (liability)/asset in statement of financial position	(0.9)	(1.9)	(6.2)	(1.8)	(1.6)

FIN-4.19 Deferred taxes and current taxes

FIN-4.19.1 Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

<i>in € million</i>	December 31, 2024		December 31, 2023	
	DTA	DTL	DTA	DTL
Intangible assets	1.7	-	2.1	-
Property, plant and equipment	-	(40.1)	-	(45.4)
Leases	14.1	(17.9)	27.2	(23.0)
Inventories	2.6	-	6.1	-
Financial instruments	7.9	-	-	(0.6)
Employee benefits	3.3	-	3.2	-
Accrued expenses and other payables	5.1	-	4.3	-
Others	4.0	-	-	(0.2)
Tax losses	156.8	-	145.9	-
Tax credit	10.6	-	11.4	-
Deferred tax assets & liabilities - Gross	206.2	(58.0)	200.4	(69.2)
Net deferred tax assets not recognized	(136.6)	-	(139.3)	-
Offsetting	(42.0)	42.0	(49.3)	49.3
Deferred tax assets & liabilities - Net	27.6	(16.0)	11.7	(19.9)

Deferred tax assets are recognized on temporary differences, tax attributes carried forward and tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The tax losses carried forward mainly relate to Belgium, France, United States and Spain. In Belgium and France, deferred tax assets have been recognized on tax losses carried forward considering the expected taxable profits in the foreseeable future.

The Group did not recognize deferred tax assets for an amount of €136.6 million (2023: €139.3 million) on the tax losses carried forward and tax incentives of tax attributes carried forward.

Tax losses can in principle be carried forward indefinitely. The countries for which no deferred tax asset has been recognized are Belgium (€52.4 million), France (€39.4 million), United States (€26.5 million), Spain (€9.5 million), Poland (€4.5 million), Czech Republic (€2.5 million) and Germany (€1.7 million).

The Group did not recognize deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends within the Group.

The Group is in scope for Pillar II legislation. Pillar II taxes are those arising from tax laws enacted or substantively enacted to implement the Pillar Two framework published by the OECD. This tax reform aims to ensure that multinational groups pay taxes at a minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. The ultimate parent company of the Group is Ontex Group NV, located in Belgium. On 14 December 2023, the Belgian government has enacted the Pillar Two income taxes legislation effective from 1 January 2024. Given that the consolidated revenue threshold of €750 million is exceeded, the Group is required to pay top up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. Pillar II legislation has further been enacted or substantively enacted in several other jurisdictions in which the Group operates, effective for the financial year beginning 1 January 2024. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Pillar II legislation has no material impact on the Group's tax position, since:

- in most of the jurisdictions, the Simplified Pillar II effective tax rate is above 15% and/or at least one of the other Transitional CbCR Safe Harbour tests is met (Routine Profits test and/or the Simplified De-Minimis test);
- in a very limited number of jurisdictions, the Transitional CbCR Safe Harbour relief does not apply. However, the Group has no Pillar II top-up tax exposure in those jurisdictions based on the full Pillar II calculations.

FIN-4.19.2 Current taxes

<i>in € million</i>	December 31	
	2024	2023
Current tax assets	3.3	4.9
Current tax liabilities	(31.8)	(27.0)

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include an amount of €23.7 million actual corporate taxes payable (2023: €20.9 million) and €8.1 million of provision for uncertain taxes (2023: €6.1 million).

FIN-4.20 Current and non-current liabilities

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

<i>in € million</i>	December 31	
	2024	2023
Accrued expenses and other payables	21.1	20.6
Current accrued expenses and other payables	21.1	20.6
Trade payables	440.1	370.5
Employee benefit liabilities	45.3	41.0
Total current liabilities	506.5	432.1

The trade payables contain an accrual of €5.0 million regarding MedTech payback measure of the Italian Healthcare Law which was voted in 2015. Initially, there was a significant uncertainty on the scope and practical implementation of this law. During 2023, assessments were received for the period 2015-2018, which took into account incorrect revenue data and these were therefore appealed by Ontex. In October 2024, the Constitutional Court confirmed the constitutionality of the Italian MedTech payback measure, but confirmed that all entities should receive a discount on the assessment. Despite this outcome, there remains an uncertainty on the determination of the assessment, which is subject to further legislative and ministerial clarifications. Ontex has kept the provision of €5.0 million for the period 2015-2018 unchanged at December 31, 2024, as it believes that this still represents the best estimate. Ontex has no provision for the period as of 2019 as there is uncertainty whether the payback measure is applicable in those years and no reasonable estimate of a possible cost can be made.

FIN-4.21 Provisions

<i>in € million</i>	Legal claims	Restructuring	Other	Total
Opening Balance	6.6	3.4	0.1	10.0
Additional provisions	0.3	60.1	-	60.4
Unused amounts reversed	(0.0)	(0.5)	-	(0.6)
Used during the year	(0.0)	(31.6)	-	(31.6)
As at December 31, 2024	6.8	31.4	0.1	38.3
of which current	6.8	31.4	0.1	38.3

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees. The restructuring provision in 2024 is related to the restructuring of its Belgian production and distribution activities, which entails the closure of the Eeklo plant as well as the transformation of the Buggenhout site into a Center of Excellence for research, development and production of medium & heavy incontinence care products. The used provision during the year is related to the social plan in Eeklo, which has mostly been paid in December 2024, and its related project costs. The outstanding provision at December 31, 2024, is the remaining part of the social plan for Eeklo as well as the social plan for the employees in Buggenhout.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision, the CNMC has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, the CNMC issued an administrative fine of €5.2 million to Ontex. All companies, including Ontex, filed appeals with the National Court, and, following the rejection of the appeals by the National Court, with the Spanish Supreme Court. On July 6, 2023, the Supreme Court has rejected Ontex's appeal, rendering the CNMC decision and related administrative fine final. As per December 31, 2016, a provision amounting to €5.2 million has been accounted for, which has not been adjusted up till December 31, 2024. During February 2025, Ontex has received a formal request for payment of the administrative fine corresponding to the provisioned amount.

FIN-4.22 Employee benefit expenses

<i>in € million</i>	Full Year	
	2024	2023
Wages and salaries	(224.1)	(211.7)
Social security costs	(63.8)	(49.3)
Defined benefit plans - Service cost	(1.7)	(1.5)
Defined contribution costs	(3.6)	(3.3)
Other employee benefit expenses	(49.2)	(46.6)
Total employee benefit expenses	(342.4)	(312.4)

The FTEs listed in the table below only contains the employees part of the continuing operations and therefore deviates significantly from the number of employees included in section FIN-1.2.

<i>in full time equivalents</i>	Full Year	
	2024	2023
Workers	3,570	3,458
Employees	1,888	1,954
Management	68	58
Average number of total employees	5,526	5,470

FIN-4.23 Other operating income/(expenses), net

<i>in € million</i>	Full Year	
	2024	2023
Gain on sale of assets	0.0	0.3
Foreign exchange differences on operating activities	(8.1)	(4.1)
Losses on sale of assets	(0.1)	(0.3)
Other income/(expenses)	(2.0)	(2.5)
Total other operating income/(expense), net	(10.1)	(6.6)

"Other income/(expenses)" consists mainly of depreciation expenses on idle equipment and machinery and pension expenses.

FIN-4.24 EBITDA adjustments

<i>in € million</i>	Full Year	
	2024	2023
Business restructuring	(61.9)	(10.3)
Income and expenses related to changes to Group structure	(61.9)	(10.3)
Impairment of assets	(10.6)	(4.4)
Litigation and legal claims	(0.3)	(0.2)
Income and expenses related to impairments and major litigations	(10.8)	(4.6)
Total EBITDA adjustments	(72.7)	(14.9)

Items classified under the heading EBITDA adjustments are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

These items are presented as follows in the consolidated income statement as follows:

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

FIN-4.24.1 Income and expenses related to changes to Group structure

Business restructuring

The majority of the business restructuring costs in 2024 are related to the Belgian restructuring, which entails the closure of the Eeklo site, as well as the transformation of the Buggenhout site into a Center of Excellence for research, development and production of medium and heavy incontinence care products. The total cost, which includes the social plan for both Eeklo and Buggenhout, but also other related costs, amounts to €61.3 million.

The restructuring expenses in 2023 are related to smaller restructuring projects in various countries and is part of the continuous search for organizational optimization.

FIN-4.24.2 Income and expenses related to impairments and major litigations

Impairment of assets

As a consequence of the Belgian restructuring, a number of production lines were stopped and others were moved to different plants within the Group. The combination of both items had an impact of €6.4 million.

In 2023, the impairment losses mainly include the impairment loss on a leased building under IFRS 16 which is no longer used by the Group.

Litigation and claims

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

FIN-4.25 Expenses by nature

Expenses by nature represent an alternative disclosure for amounts included in the consolidated income statement. There are classified under 'Cost of sales', 'Distribution expenses', 'Sales and marketing expenses', 'General administrative expenses' and 'Other operating income / expense (net)' in respect of the years ended December 31:

<i>in € million</i>	Note	Full Year	
		2024	2023
Changes in inventory work in progress and finished goods		15.8	3.9
Raw materials and consumables purchased		(993.4)	(1,031.4)
Employee benefit expenses	22	(342.4)	(312.4)
Depreciation and amortization	9, 10, 11	(74.1)	(70.7)
Rendered services		(287.4)	(256.8)
Lease expenses	11	(20.4)	(17.4)
Other income / (expenses)	23	(10.1)	(6.6)
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income / (expense)		(1,712.0)	(1,691.5)

FIN-4.26 Net finance cost

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

<i>in € million</i>	Full Year	
	2024	2023
Interest income on current assets	4.2	2.8
Gains on derivatives	-	4.2
Finance income	4.2	7.0
Interest expense on group borrowings	(26.4)	(31.9)
Amortization of borrowing expenses	(3.7)	(4.8)
Interest expense on other borrowings and other liabilities	(13.7)	(14.9)
Interest expense	(43.7)	(51.7)
Banking cost	(1.6)	(1.6)
Factor fee	(2.6)	(1.8)
Losses on derivatives and cost of hedging	(1.2)	(2.1)
Other	(0.0)	(0.5)
Finance cost	(49.1)	(57.6)
Finance income as per income statement	4.2	7.0
Finance expense as per income statement	(49.1)	(57.6)
Net exchange differences relating to financing activities	(6.5)	5.5
Net finance cost as per income statement	(51.4)	(45.1)

The interest expense on other borrowings and other liabilities includes also the interest expense on lease liabilities as disclosed in note FIN-4.11. The decreased interest expense on group borrowings is mainly explained by the repayment of the term loan in the first half of 2023.

FIN-4.27 Income tax expense

The income tax (charged)/credited to the income statement during the year is as follows:

<i>in € million</i>	Full Year	
	2024	2023
Current tax (expense) / income	(24.5)	(17.2)
Deferred tax (expense) / income	21.1	1.0
Total income tax expense	(3.4)	(16.3)

The income tax expense can be reconciled as follows:

<i>in € million</i>	Full Year	
	2024	2023
Profit/(loss) before income tax	24.3	43.2
Income tax expense calculated at domestic tax rates	(5.7)	(8.3)
Disallowed expenses	(5.0)	(2.7)
Tax-exempt income	3.1	1.6
Write-off of previously recognized deferred tax assets on losses	(0.0)	(0.6)
Current year tax losses not recognized as deferred tax asset	(10.9)	(10.9)
Recognition of previously unrecognized deferred tax assets on losses	23.9	4.3
Adjustments in respect of prior year	(1.7)	0.6
Difference in statutory tax rates	-	(0.6)
Withholding tax	(4.2)	
Other	(2.8)	0.3
Total income tax expense	(3.4)	(16.3)

FIN-4.28 Share-based payments

Since September 2014 the Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options') and restricted stock units (further 'RSU's'). In 2019, the long-term incentive plan changed in a combination of RSU's, Options and Performance Stock Units (further 'PSU's'), each representing one third of the total long-term incentive grant value, while as of 2021, the long-term incentive plan consisted only of PSU's. The Options, RSU's and PSU's are accounted for as equity-settled share-based payments. The Options, RSU's and PSU's can only vest and Options giving the right to receive shares of the Company (further 'Shares') or any other rights to acquire Shares can only be exercisable as from three years after the grant. The RSU's, PSU's and Options will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions. The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

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

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

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

On or about May 10, 2017 a total of 299,914 stock options and 69,023 RSU's were granted, 86,338 options and 69,023 RSU's have forfeited, expired or have been exercised as of December 31, 2024. The stock options are exercisable between June 2020 and June 2025.

On or about June 15, 2018, a total of 471,064 stock options and 93,576 RSU's were granted, 173,236 options and 93,576 RSU's have forfeited, expired or have been exercised as of December 31, 2024. The stock options are exercisable between June 2021 and June 2026.

On or about June 13, 2019, a total of 393,403 stock options, 124,420 RSU's and 124,420 PSU's were granted. 183,421 options, 124,420 RSU's and 124,420 PSU's have forfeited, expired or have been exercised as of December 31, 2024. The stock options are exercisable between June 2022 and June 2027.

On or about May 28, 2020, the Group granted an LTIP plan consisting of 374,622 stock options, 119,244 RSU's and 119,244 PSU's. 243,676 options, 119,244 RSU's and 119,244 PSU's have forfeited, expired or have been exercised as of December 31, 2024. The stock options are exercisable between June 2023 and June 2028.

On or about May 27, 2021, the Group granted an LTIP plan consisting of 432,438 PSU's. 432,438 PSU's have been forfeited or exercised as of December 31, 2024.

On or about March 10, 2022, the Group granted an LTIP plan consisting of 611,477 PSU's. 262,094 PSU's have been forfeited as of December 31, 2024.

During 2023, the Group granted LTIP plans consisting of 5,206,379 PSU's. 1,181,681 PSU's have been forfeited as of December 31, 2024.

During the period, the Group granted new LTIP plans consisting of 301,634 PSU's. 47,971 PSU's have been forfeited as of December 31, 2024.

The following share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Weighted average Fair value (€)	# stock options/ RSU's/PSU's December 31, 2024	# stock options/ RSU's/PSU's December 31, 2023
LTIP 2017					
Options	2025	33.11	7.62	213,576	220,230
LTIP 2018					
Options	2026	23.56	4.68	297,828	309,806
LTIP 2019					
Options	2027	14.00	3.99	209,982	217,955
LTIP 2020					
Options	2028	13.90	3.13	130,946	187,503
LTIP 2021					
PSU's	2024	N/A	10.37	-	271,489
LTIP 2022					
PSU's	2025	N/A	7.30	349,383	356,470
LTIP 2023					
PSU's - Plan A	2026	N/A	2.49	2,942,949	2,942,949
PSU's - Plan B	2026	N/A	2.47	1,003,635	1,276,735
PSU's - Plan C	2026	N/A	2.34	78,114	99,412
LTIP 2024					
PSU's - Plan A	2026	N/A	1.31	188,173	-
PSU's - Plan B	2027	N/A	1.10	65,490	-
Total outstanding stock options [7]				852,332	1,167,746
Total outstanding PSU's				4,627,744	4,947,055

[7] The total outstanding stock options of 1,167,746 for 2023 includes the amounts for LTIP 2016 at the end of December 31, 2023 (232,252) as these were still outstanding at that moment in time, but are no longer included in the overview as expired at December 31, 2024

The following reconciles the options, RSU's and PSU's outstanding at the beginning and end of the year:

	Average exercise price per stock option (€) ^[8]	Stock options	RSU's	PSU's
As at January 1, 2023	23.25	1,318,087	52,101	859,857
Granted	-	-	-	5,206,379
Forfeited	19.31	(28,267)	(1,810)	(1,057,433)
Exercised	-	-	(50,291)	(20,780)
Expired	26.60	(122,074)	-	(40,968)
As at December 31, 2023	23.00	1,167,746	-	4,947,055
Granted	-	-	-	301,634
Forfeited	19.87	(16,136)	-	(535,220)
Exercised	-	-	-	(85,725)
Expired	26.20	(299,278)	-	-
As at December 31, 2024	22.11	852,332	-	4,627,744
of which vested and exercisable		852,332	-	-

The fair value of the PSU's in 2024 has been determined using a stochastic valuation model based on the Monte Carlo methodology. The expected volatility used in the model is based on the implied volatility of the Company. Below is an overview of all the parameters used in this model:

	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023	LTIP 2024 ^[9]
Exercise Price (€)	33.11	23.56	14.00	13.90	-	-	-	-
Expected volatility of the shares (%)	27.12%	25.63%	37.98%	31.90%	43.12%	39.01%	34.14%	27.53%
Expected dividends yield (%)	2.31%	2.70%	3.82%	4.00%	3.00%	4.10%	4.00%	4.00%
Risk free interest rate (%)	0.60%	0.69%	0.10%	-0.18%	0.00%	0.00%	2.61%	2.79%

The fair value of the RSU's and PSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above. The total cost incurred regarding the existing share-based payment plans amounted to €4.8 million during 2024 (2023: €3.9 million) and was included within employee benefit expenses. Social charges related to the LTIP are accrued for over the vesting period.

[8] The average exercise price mentioned in the table above relates only to the stock options, as the RSU's and PSU's do not have an exercise price

[9] LTIP 2023 and LTIP 2024 consisted of respectively three and two different plans. As the parameters were very similar, the average of the plans has been included in this overview

FIN-4.29 Contingencies

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

In October 2021, COFECE, the Mexican antitrust authority, announced its decision following its investigation into certain legacy practices in the personal hygiene industry in Mexico. In this decision, COFECE confirmed that Grupo PI Mabe, S.A. de C.V. ("Mabe") and certain individuals had committed antitrust violations in periods prior to the acquisition of Mabe by Ontex. Mabe recently won an appeal on grounds of unconstitutionality of the fines imposed and is awaiting a new COFECE resolution expected during the first quarter of 2025. Under the purchase agreement for its acquisition of Mabe in 2016, Ontex received a full indemnity for all resulting fines and legal fees from the selling shareholders of Mabe. In May 2023, Ontex completed the divestiture of Mabe to Softys, S.A.. As part of such divestiture, Ontex granted a back-to-back indemnity to Softys. Based on the back-to-back indemnity arrangements that are in place, the Group does not expect these proceedings to result in a net financial cost to it.

In 2018, the State of Goiás issued a decree requiring Falcon Distribuição Armazenamento e Transportes S/A (Falcon) to pay a contribution to the Social Protection Fund of the State of Goiás (Protege) in order to further benefit from a previously granted tax incentive under a Special Regime Agreement Term (TARE). As this condition was not provided for in the TARE, Falcon challenged this in court. In 2023, the court of first instance issued a favourable decision, against which the State of Goiás filed an appeal. On November 19, 2024, this appeal was rejected by the court in second instance. The State of Goiás can now still file an appeal to the superior court.

The Group believes that there are good arguments to support its position (as has been evidenced by the courts in first and second instance ruling in Falcon's favour) and as a result the Group does not believe that the loss of €5.5m is probable. Note that as part of the binding agreement entered into with Softys S.A. for the sale of Ontex's Brazilian business, Ontex paid the Protege contributions for the period 2020 to date, thus limiting the remaining risk to the period 2017-19. If and when a final decision is issued in favour of Ontex, Falcon will have the right to file a claim against the State of Goiás for reimbursement of such Protégé contributions, and such reimbursement received by Falcon shall be paid to Ontex.

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

FIN-4.30 Commitments

FIN-4.30.1 Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2024 of €42.9 million (2023: €43.1 million).

FIN-4.30.2 Bank guarantees

As indicated in note FIN-4.17 'Interest-bearing debts', no assets are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of €28.8 million in order to participate in public tenders as at December 31, 2024 (2023: €25.9 million).

For Ontex BV, a bank guarantee issued by BNL is in place for €1.5 million in favour of the Italian Custom Agency as at December 31, 2024.

For OMO, a bank guarantee issued by BBVA is in place for MXN 100.0 million in favour of the Mexican VAT authorities as at December 31, 2024.

For Ontex Group NV, a bank guarantee issued by Commerzbank is in place for €5.2 million in light of a legal case as at December 31, 2024.

For Eutima BV, a bank guarantee issued by BNP is in place for €0.2 million in favour of Koramic Real Estate Investment at December 31, 2024.

FIN-4.31 Related party transactions

As part of our business, Ontex has entered into several transactions with related parties.

FIN-4.31.1 Consolidated companies

A list of subsidiaries is given in note FIN-4.7 'List of consolidated companies'.

FIN-4.31.2 Relations with the shareholders

There are no transactions with shareholders per December 31, 2024 (nor in 2023).

FIN-4.31.3 Relations with non-executive members of the Board of Directors

<i>in € million</i>	Full Year	
	2024	2023
Remuneration	1.1	1.2

FIN-4.31.4 Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management for the Group are all the members of Management Committee.

FIN-4.31.5 Key management compensation

Remuneration of the CEO <i>in € million</i>	Full Year	
	2024	2023
Fixed and variable remuneration	1.7	1.8

The above remuneration includes post-employee benefits of €0.2 million (2023: €0.2 million), the remainder concerns short-term employee benefits. Next to the above remuneration, the CEO was not awarded any performance stock units in 2024 (2023: 1,005,668 performance stock units), as explained below. The share based payment cost amounted to €0.8 million in 2024 (2023: €0.5 million).

Remuneration of the Executive Team (excluding the CEO) <i>in € million</i>	Full Year	
	2024	2023
Fixed remuneration	3.5	3.1
Variable remuneration	1.0	0.7
Other remuneration	0.4	0.5
Total	4.8	4.2

The fixed and variable remuneration concerns short-term employee benefits, while the other remuneration mainly relates to post-employment benefit plans. Next to the above items, the executive team was not awarded any performance stock units in 2024 (in 2023: 1,937,281 performance stock units). The total share based payment cost (including older plans) amounted to €1.7 million in 2024 (2023: €1.2 million). For a more detailed breakdown, refer to the Remuneration Report.

The Company implemented Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options, restricted stock units and performance stock units (see note FIN-4.28).

The number of stock options, restricted stock units and performance stock units granted to the CEO and the Executive Management Team is summarized below:

For the year ended December 31, 2024	Number of RSU's	Number of PSU's	Number of Stock Options
LTIP 2019			
CEO	18,414	18,414	64,610
Executive Team (excluding CEO)	53,376	53,376	171,928
LTIP 2020			
CEO	19,891	19,891	88,333
Executive Team (excluding CEO)	56,265	56,265	249,870
LTIP 2021			
CEO	-	94,954	-
Executive Team (excluding CEO)	-	229,572	-
LTIP 2022			
CEO	-	149,891	-
Executive Team (excluding CEO)	-	213,070	-
LTIP 2023			
CEO	-	1,005,668	-
Executive Team (excluding CEO)	-	1,937,281	-

FIN-4.32 Events after the end of the reporting period

On February 5, 2025, Ontex announced that it has entered into a binding agreement to sell its Turkish subsidiary to Dilek Grup. The transaction includes Ontex's business in Türkiye and related export business, as well as its plant in Istanbul. It is expected to close the transaction by the third quarter of 2025.

On Saturday March 8, 2025, local heavy rain caused water damage around and inside Ontex's plant and R&D center in Segovia, Spain. While the water has been fully evacuated, the cleaning and the restart of the operations are in progress. There is an insurance policy in place on Property and Business Loss. At this stage, a reasonable estimate of the net financial impact cannot be determined with sufficient reliability.

There were no other significant events that occurred after the end of the reporting period.

FIN-4.33 Audit fees

<i>in € thousands</i>	Full Year	
	2024	2023
Audit Fees	1,221.0	1,046.9
Additional Services rendered by the auditor's mandate:		
Audit related fees	304.6	302.6
Tax advisory & compliance services	12.4	41.2
Total	1,538.0	1,390.7

The fees in the above table concern the audit fees for the full Group and not only the continuing operations.

FIN-5 Summary statutory financial statements

FIN-5.1 Statutory balance sheet after appropriation

	December 31	
<i>in € million</i>	2024	2023
Assets	3,035.1	3,018.7
Fixed assets	2,759.9	2,583.4
Formation expenses	0.0	-
Intangible assets	13.6	14.2
Tangible assets	0.2	0.4
Financial fixed assets	2,746.0	2,568.8
Participating interests	1,687.1	1,687.1
Amounts receivable	1,058.8	881.6
Other financial fixed assets	0.2	0.2
Current assets	275.2	435.3
Amounts receivable within one year	209.6	349.7
Treasury shares	10.6	9.1
Cash at bank and in hand	28.8	53.0
Deferred charges and accrued income	26.3	23.4

	December 31	
<i>in € million</i>	2024	2023
Equity and liabilities	3,035.1	3,018.7
Equity	1,677.2	1,661.7
Capital	823.6	823.6
Share premium	412.7	412.7
Reserves	269.1	266.9
Accumulated profits/(losses)	171.8	158.5
Provisions and deferred taxes	8.0	8.5
Amounts payable	1,349.9	1,348.5
Amounts payable after more than one year	580.0	580.0
Financial debt	580.0	580.0
Amounts payable within one year	760.5	758.9
Financial debt	209.2	293.3
Trade debts	18.6	7.6
Taxes, remunerations and social security	4.3	4.8
Other amounts payable	528.4	453.2
Accruals and deferred income	9.5	9.5

FIN-5.2 Statutory income statement

<i>in € million</i>	Full Year	
	2024	2023
Operating income	56.6	56.2
Operating charges	(42.9)	(49.6)
Operating gain / (loss)	13.7	6.6
Financial result	3.9	(0.8)
Profit/(loss) for the period before taxes	17.6	5.8
Income taxes	(2.1)	(3.1)
Profit/(loss) for the period	15.5	2.7

FIN-5.3 Extract from Ontex Group NV separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Ontex Group NV and is included as required by article 3:17 of the Belgian Company Code. The separate financial statements, together with the annual report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Ontex Group NV, Korte Keppestraat 21, 9320 Aalst (Erembodegem).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ontex Group NV prepared in accordance with Belgian GAAP for the year ended December 31, 2024 (full financial year) give a true and fair view of the financial position and results of Ontex Group NV in accordance with the legal and regulatory dispositions applicable in Belgium.

Auditor reports

Statutory auditor's report to the general shareholders' meeting of Ontex Group NV on the consolidated accounts for the year ended December 31, 2024

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Ontex Group NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated 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. 5 May 2023, 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 2025. We have performed the statutory audit of the Group's consolidated accounts for 11 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 2,360.6 million and a profit for the year of EUR 10.3 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS

as adopted by the European Union and with the legal and regulatory requirements 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 consolidated 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 consolidated 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 consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Disposal Group held for sale and discontinued operations

Description of the key audit matter

Since 2022 the Ontex group is divesting its activities located in “Emerging Markets” and classified these operations as disposal group held for sale in the statement of financial position. The related financial performance is reported as discontinued operations in the income statement. The sale of the Central American activities was completed in May 2023. In the first half of 2024 the sale of the Algerian and Pakistani activities was realised. In September 2024, Ontex entered into a binding agreement to sell its Brazilian business activities. The transaction is expected to be completed in the first half of 2025. In February 2025, Ontex announced that it has entered into a binding agreement to sell its Turkish subsidiary, with an expectation to close the transaction in the third quarter of 2025. Upon closing of the Turkish transaction, all assets that were presented as held for sale on 31 December 2024 will be disposed of within the next year. Based on these considerations, management determined the criteria of IFRS 5 were met and the activities should be presented as discontinued operations on 31 December 2024.

In accordance with IFRS 5 the group classified all assets and all liabilities related to these activities as Assets classified as held for sale and Liabilities related to assets classified as held for sale which amount to respectively EUR 259.3 million and EUR 104.6 million per 31 December 2024. In the consolidated income statement, the loss for the period of the activities located in Emerging Markets was presented in one line as “Loss for the period from discontinued operations” and amounts to EUR 10.7 million.

We consider this matter to be of most significance because of the size of the operations that have been sold in 2024 or are expected to be sold within the next year, the complexity of the planned transactions and judgements made by management in the valuation of the related assets and liabilities at the lower of carrying amount and fair value less costs to sell.

The assets classified as held for sale and the related liabilities, the key lines of the results and cash flows related to discontinued operations are detailed in note FIN-4.8 of the financial statements.

How our audit addressed the key audit matter

We read minutes of the Board of Directors and sales agreements of the divested entities and entities for which binding agreements were signed. We discussed with management the

divestment process and agreements reached with buyers to evaluate the appropriateness of the accounting treatment, valuation, and disclosure in line with IFRS 5.

We performed procedures to verify completeness and accuracy of the assets, liabilities, results and cash flows presented as discontinued operations, including measurement in accordance with IFRS 5. Our procedures included but were not restricted to:

- Reconciling the reclassified assets, liabilities and results to the group reporting forms of the activities that are held for sale;
- Reconciling the loss on the sale of the Algerian and Pakistani business to the underlying calculation, share sales agreement, transaction expenses and bank statements;
- Validating assumptions taken on carved out assets, liabilities and net results of legal companies active in both continuing and discontinuing activities at Ontex Group based on audit evidence obtained;
- Reviewing and challenging management’s preliminary estimate of the disposal result of entities not yet sold at year-end and reconciling the reversal of previously recognised impairment charge on tangible and intangible fixed assets with definite useful life to the underlying calculation;
- Evaluating the adequacy of the disclosure (Note FIN-4.4.9 and FIN-4.8) of the assets held for sale and discontinued operations in the consolidated accounts.

Our results

We agree with management’s position that the IFRS 5 criteria were met as of 31 December 2024. We found the methodologies and the assumptions applied in respect of the assets, liabilities and results of the discontinued operations and the preliminary estimate of the disposal result to be in line with our expectations and the share sale agreements. We consider the disclosure on the discontinued operations as appropriate.

(2) Impairment of goodwill

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 799.4 million at 31 December 2024 as detailed in disclosure FIN-4.9.1. Under the International Financial Reporting Standards as endorsed by the EU (“IFRS’s”), the Company is required to test the amount of goodwill for impairment at least annually.

We consider this matter to be of most significance because of the complexity of the assessment process and significant judgments in respect of assumptions about the future results of the business and the discount rates applied to future cash flow forecasts. The most important assumptions relate to the discount rate, growth rates of revenue and operating margin.

How our audit addressed the key audit matter

We challenged whether the goodwill impairment test was performed at the lowest CGU level at which the goodwill is monitored. We challenged the cash flow projections used in the impairment tests and the process through which they were prepared. We found that the projected cash flows for 2024 were consistent with the Board's approved budgets and the strategic plan as presented to the Board, 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. For the cash flows after 2025 we critically assessed and challenged the assumptions related to the long-term growth rates, by comparing them to industry forecasts and historical growth rates.

We compared the weighted average cost of capital ("WACC") to the cost of capital and debt of the Group and comparable organisations, as well as considering territory specific factors. We tested the calculation method used and the accuracy thereof. We compared operating margin, working capital- and CAPEX percentage with past actuals. We challenged the adequacy of management's sensitivity analysis of the headroom. For all CGUs we calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management. We included valuation specialists in our team to assist us with these procedures. We also evaluated the adequacy of the disclosures (Note FIN-4.9.1 and Note FIN-4.4.4) in the financial statements.

Our results

From our sensitivity analysis, we found the likelihood of changes resulting in impairment losses to be unlikely.

(3) Valuation of deferred taxes and valuation allowance on deferred tax assets related to tax losses carried forward

Description of the key audit matter

Ontex has recognised a deferred tax asset of EUR 27.6 million at 31 December 2024, which is for an important part related to tax losses or tax incentives carried forward. At the same time, a deferred tax asset position of EUR 136.6 million was not recognised, as disclosed in Note FIN-4.19.1.

The valuation of the deferred tax positions at Ontex involved significant judgement, more specifically in the determination of the recognition of deferred tax assets related to tax losses carried forward. The estimation of the future taxable basis is highly judgemental as well as the assessment of the impact of tax laws and regulations, tax planning action and strategies, rulings and transfer pricing. Because of all the aforementioned reasons, we found this key audit matter to be of most significance for our audit.

How our audit addressed the key audit matter

We challenged the assumptions made to assess the recoverability of deferred tax assets related to tax losses carried forward and the timing of the reversal of deferred tax positions. During our procedures, we used amongst others budgets, forecasts and tax laws and in addition we assessed the historical accuracy of management's assumptions. An important management judgement was the period over which taxable profits can be reliably estimated and consequently, no deferred tax assets are recognised for tax losses used in any period beyond. We verified that the deferred tax position was calculated at the enacted tax rate for the year in which the deferred tax position is expected to reverse.

We also assessed the adequacy and completeness of the Company's disclosure included in Note FIN-4.4.2, FIN-4.19.1 and FIN-4.27 in respect of deferred taxes.

Our results

We found management's judgements in respect of the Group's deferred tax positions to be consistent and in line with our expectations.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with IFRS as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group'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 intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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;

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 audit committee, we determine those matters that were of most significance in the audit of the consolidated 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 on the consolidated accounts including the sustainability information and the other information included in the annual report on the consolidated accounts.

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 on the consolidated accounts and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

The director's report on the consolidated accounts includes the consolidated sustainability information that is the subject of our report, which contains an 'Unqualified conclusion' on the limited assurance with respect to this sustainability information. This section does not concern the assurance on the consolidated sustainability information included in the director's report on the consolidated accounts.

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the section 'Strategic report' in the annual report on the consolidated accounts 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.

Statement related to independence

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

European Uniform Electronic Format (ESEF)

We have also verified, in accordance with the draft standard on the verification of the compliance of the annual report with the European Uniform Electronic Format (hereinafter "ESEF"), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation") and with the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market.

The board of directors is responsible for the preparation of an annual report, in accordance with ESEF requirements, including the consolidated accounts in the form of an electronic file in ESEF format (hereinafter "digital consolidated accounts").

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial accounts complies in all material respects with the ESEF requirements under the Delegated Regulation.

Based on our procedures performed, we believe that the format of the annual report and marking of information in the digital consolidated accounts included in the annual report of Ontex Group NV per 31 December 2024 complies, and which will be available in the Belgian official mechanism for the storage of regulated information (STORI) of the FSMA, are, in all

material respects, in compliance with the ESEF requirements under the Delegated Regulation and the Royal Decree of 14 November 2007.

Other statements

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, 17 March 2025

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

Represented by
Lien Winne^[1]
Bedrijfsrevisor/Réviseur d'entreprises

PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL - Financial Assurance Services
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[1] Acting on behalf of Lien Winne BV

Consolidated financial statements

FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2023 AND 2022

STATEMENT OF THE BOARD OF DIRECTORS

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

- the consolidated financial statements, established in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex Group NV and of the entities included in the consolidation;
- the annual review presents a fair overview of the development and the results of the business and the position of Ontex Group NV and of the entities included in the consolidation, as well as a description of the principal risks and uncertainties facing them pursuant Article 12, paragraph 2 of the Royal Decree of November 14, 2007

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

Due to rounding, numbers presented throughout these consolidated financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT AUDITORS' REPORT



STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF ONTEX GROUP NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Ontex Group NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated 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. 5 May 2023, 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 2023. We have performed the statutory audit of the Group's consolidated accounts for 10 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 2,361.7 million and a profit for the year of EUR 34,8 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements 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 consolidated 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 consolidated 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 consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Disposal Group held for sale and discontinued operations

Description of the key audit matter

Following its strategic review announced at the end of 2021 and formalized beginning of 2022, Ontex Group announced it would pursue divestment opportunities for the activities located in "Emerging Markets". Ontex entered into a binding agreement in July 2022 to sell its Mexican activities and closed the sale in May 2023. In August and September 2023 Ontex entered into binding agreements for the sale of its Algerian and Pakistan activities and is making progress in the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue. Based on these considerations, management determined the criteria of IFRS 5 were met and the activities should be presented as discontinued operations on 31 December 2023.

In accordance with IFRS 5 the group classified all assets and all liabilities related to these activities as Assets classified as held for sale and Liabilities related to assets classified as held for sale which amount to respectively EUR 296.1 million and EUR 136.6 million per 31 December 2023. In the consolidated income statement, the profit for the period of the activities located in Emerging Markets was presented in one line as "Profit for the period from discontinued operations" and amounts to EUR 7.9 million.

We consider this matter to be of most significance because of the size of the operations that have been sold in 2023 or are expected to be sold within the next year, the complexity of the planned transactions and judgements made by management in the valuation of the related assets and liabilities at the lower of carrying amount and fair value less costs to sell.

The assets classified as held for sale and the related liabilities, the key lines of the results and cash flows related to discontinued operations are detailed in noted 7.8 of the financial statements.

How our audit addressed the key audit matter

We read minutes of the Board of Directors and sales agreements of the divested entities and entities for which binding agreements were signed. We discussed with management the divestment process and agreements reached with (potential) buyers to evaluate the appropriateness of the accounting treatment, valuation, and disclosure in line with IFRS 5.

We performed procedures to verify completeness and accuracy of the assets, liabilities, results and cash flows presented as discontinued operations, including measurement in accordance with IFRS 5. Our procedures included but were not restricted to:

- Reconciling the reclassified assets, liabilities and results to the group reporting forms of the activities that are held for sale;
- Reconciling the loss on the sale of the Mexican business to the underlying calculation, share sales agreement, final settlement agreement, bank statements and calculation of the deferred consideration;
- Validating assumptions taken on carved out assets, liabilities and net results of legal companies active in both continuing and discontinuing activities at Ontex Group based on audit evidence obtained;
- Reviewing and challenging management's preliminary estimate of the disposal loss of entities not yet sold at year-end;
- Evaluating the adequacy of the disclosure (Note 7.4.9 and 7.8) of the assets held for sale and discontinued operations in the consolidated accounts;

Our results

We agree with management's position that the IFRS 5 criteria were met as of 31 December 2023. We found the methodologies and the assumptions applied in respect of the reclassified assets, liabilities and results of the discontinued operations and the preliminary estimate of the disposal loss to be in line with our expectations and the agreements and negotiations with (potential) buyers. We consider the disclosure on the discontinued operations as appropriate.

(2) Impairment of goodwill

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 796 million at 31 December 2023 as detailed in disclosure 7.9. Under the International Financial Reporting Standards as endorsed by the EU ("IFRS's"), the Company is required to test the amount of goodwill for impairment at least annually.

We consider this matter to be of most significance because of the complexity of the assessment process and significant judgments in respect of assumptions about the future results of the business and the discount rates applied to future cash flow forecasts. The most important assumptions relate to the discount rate, growth rates of revenue and operating margin.

How our audit addressed the key audit matter

We challenged whether the goodwill impairment test was performed at the lowest CGU level at which the goodwill is monitored. We challenged the cash flow projections used in the impairment tests and the process through which they were prepared. We found that the projected cash flows for 2024 were consistent with the Board's approved budgets and the strategic plan as presented to the Board, 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. For the cash flows after 2024 we critically assessed and challenged the assumptions related to the long-term growth rates, by comparing them to industry forecasts and historical growth rates.

We compared the weighted average cost of capital ("WACC") to the cost of capital and debt of the Group and comparable organisations, as well as considering territory specific factors. We tested the calculation method used and the accuracy thereof. We compared operating margin, working capital- and CAPEX percentage with past actuals. We challenged the adequacy of management's sensitivity analysis of the headroom. For all CGUs we calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management. We included valuation specialists in our team to assist us with these procedures. We also evaluated the adequacy of the disclosures (Note 7.9 and Note 7.4.4) in the financial statements.

Our results

From our sensitivity analysis, we found the likelihood of changes resulting in impairment losses to be unlikely.

(3) Valuation of deferred taxes and valuation allowance on deferred tax assets related to tax losses carried forward

Description of the key audit matter

Ontex has recognised a deferred tax asset of EUR 11.7 million at 31 December 2023, which is for an important part related to tax losses or tax incentives carried forward. At the same time, a deferred tax asset position of EUR 139.3 million was not recognised, as disclosed in Note 7.19.1.

The valuation of the deferred tax positions at Ontex involved significant judgement, more specifically in the determination of the recognition of deferred tax assets related to tax losses carried forward. The estimation of the future taxable basis is highly judgemental as well as the assessment of the impact of tax laws and regulations, tax planning action and strategies, rulings and transfer pricing. Because of all the aforementioned reasons, we found this key audit matter to be of most significance for our audit.

How our audit addressed the key audit matter

We challenged the assumptions made to assess the recoverability of deferred tax assets related to tax losses carried forward and the timing of the reversal of deferred tax positions. During our procedures, we used amongst others budgets, forecasts and tax laws and in addition we assessed the historical accuracy of management's assumptions. An important management judgement was the period over which taxable profits can be reliably estimated and consequently, no deferred tax assets are recognised for tax losses used in any period beyond. We verified that the deferred tax position was calculated at the enacted tax rate for the year in which the deferred tax position is expected to reverse.

We also assessed the adequacy and completeness of the Company's disclosure included in Note 7.4.2, 7.19.1 and 7.27 in respect of deferred taxes.

Our results

We found management's judgements in respect of the Group's deferred tax positions to be consistent and in line with our expectations.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group'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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 audit committee, we determine those matters that were of most significance in the audit of the consolidated 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 on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

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 on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts, 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 required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts. The Company has prepared the non-financial information, based on the Global Reporting Initiative (GRI) Standards, the United Nations Sustainable Development Goals (SDG) and EU Taxonomy. However, in accordance with article 3:80, §1, 5° 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 (GRI) Standards, the United Nations Sustainable Development Goals (SDG) and EU Taxonomy as disclosed in the directors' report on the consolidated accounts.

Statement related to independence

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

European Uniform Electronic Format (“ESEF”)

We have also verified, in accordance with the draft standard on the verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter “ESEF”), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: “Delegated Regulation”).

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter “digital consolidated financial statements”) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements complies in all material respects with the ESEF requirements under the Delegated Regulation.

Based on our procedures performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Ontex Group NV per 31 December 2023 complies in all material respects with the ESEF requirements under the Delegated Regulation.

Other statements

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, 28 March 2024

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d 'Entreprises SRL
Represented by

Lien Winne*
Bedrijfsrevisor

*Acting on behalf of Lien Winne BV

1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2023 were authorized for issue in accordance with a resolution of the Board of Directors on March 14, 2024.

1.2. BUSINESS ACTIVITIES

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 approximately 7,500 passionate people all over the world, Ontex has a presence in 21 countries, with its headquarters in Aalst, Belgium.

1.3. HISTORY OF THE GROUP

Ontex was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into its current core product categories and grew the business internationally both organically and through acquisitions.

After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, Ontex was listed on Euronext Brussels in 1998. Following the listing, Ontex experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

Ontex was acquired by funds advised by Candover in 2003 and subsequently de-listed from Euronext Brussels. Ontex acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, Ontex acquired iD Medica, which sells incontinence products in Germany.

In 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, Ontex opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult incontinence market in France. In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan.

In June 2014, Ontex Group NV successfully listed its shares on the Euronext Brussels exchange and trades under the ticker 'ONTEX'.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products.

In March 2017, Ontex acquired the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil").

In July 2017 Ontex opened a production plant in Ethiopia for the manufacturing of baby diapers that are specifically meeting the needs of African families.

In February 2019, Ontex opened a production plant in Radomsko, Poland to support its Central European business.

In July 2020, Ontex acquired the US feminine hygiene assets from Albaad Massuot Yitzhak Ltd. in Rockingham County to further develop the North American business.

In December 2021, Ontex announced its reviewed strategy to focus on its partner and healthcare brands business, which is concentrated in Europe and North America, and thereby is pursuing alternative strategic solutions for its mainly own brand focused businesses in the Emerging Markets of Central and South America, as well as the Middle East and Africa. This strategy was formalized and reflected in the Company's financial statements beginning of 2022.

In July 2022, Ontex entered into a binding agreement to sell its Mexican and related export activities to Softys S.A., marking a milestone in the transformation of Ontex. The transaction was completed in May 2023.

In August 2023, Ontex announced that it had reached an agreement for the sale of its business activities in Algeria to Hygialis SPA. In September 2023, Ontex announced that it had reached an agreement with ASAIA Holding FZ for the divestment of its business activities in Pakistan. Both transactions are expected to be completed in the first half of 2024.

1.4. LEGAL STATUS

Ontex Group NV is a limited-liability company incorporated as a “*naamloze vennootschap*” (“NV”) 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.

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

ASSETS in € million	Note	December 31, 2023	December 31, 2022
Non-current Assets			
Goodwill	9	796.0	797.9
Intangible assets	9	32.6	32.7
Property, plant and equipment	10	461.5	420.1
Right-of-use assets	11	105.2	110.1
Deferred tax assets	19	11.7	12.1
Non-current receivables	8	29.0	0.3
		1,436.1	1,373.3
Current Assets			
Inventories	12	252.8	264.3
Trade receivables	13	206.1	191.8
Prepaid expenses and other receivables	13	63.5	36.8
Current tax assets	19	4.9	5.0
Derivative financial assets	5.1	5.1	12.1
Other financial assets		(0.0)	0.4
Cash and cash equivalents	14	97.2	149.1
Assets classified as held for sale	8	296.1	661.7
		925.7	1,321.3
TOTAL ASSETS		2,361.7	2,694.5

EQUITY AND LIABILITIES in € million	Note	December 31, 2023	December 31, 2022
Equity attributable to owners of the company			
Share capital & premium	15	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
Non-current liabilities			
Employee benefit liabilities	18	14.9	13.5
Interest-bearing debts	17	671.8	891.7
Deferred tax liabilities	19	19.9	21.3
Other payables		1.0	0.4
		707.5	926.9
Current liabilities			
Interest-bearing debts	17	141.1	145.4
Derivative financial liabilities	5.1	5.4	15.0
Trade payables	20	370.5	405.3
Accrued expenses and other payables	20	20.6	22.6
Employee benefit liabilities	18	41.0	40.4
Current tax liabilities	19	27.0	23.0
Provisions	21	10.0	8.0
Liabilities related to assets classified as held for sale	8	136.6	249.6
		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 for both non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 2022 have been restated, having a reclassification impact of €30.8m between retained earnings and cumulative translation reserves

The accompanying notes are an integral part of the audited consolidated financial statements.

3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year	
		2023	2022
Revenue	6	1,794.7	1,672.2
Cost of sales	25	(1,327.3)	(1,294.7)
Gross Profit		467.4	377.5
Distribution expenses	25	(190.5)	(191.3)
Sales and marketing expenses	25	(81.5)	(82.1)
General administrative expenses	25	(85.6)	(75.6)
Other operating income/(expenses), net	23-25	(6.6)	5.1
Income and expenses related to changes to Group structure	24	(10.3)	(11.2)
Income and expenses related to impairments and major litigations	24	(4.6)	(91.8)
Operating profit/(loss)		88.3	(69.4)
Finance income	26	7.0	0.8
Finance costs	26	(57.6)	(49.3)
Net exchange differences relating to financing activities	26	5.5	(2.4)
Net finance cost		(45.1)	(50.9)
Profit/(loss) before income tax		43.2	(120.3)
Income tax expense	27	(16.3)	(28.4)
Profit/(loss) for the period from continuing operations		26.9	(148.7)
Profit/(loss) for the period from discontinued operations	8	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)
Profit/(loss) for the period		34.8	(270.3)

Earnings per share:

in €	Note	Full Year	
		2023	2022
For continuing operations			
Basic earnings per share	16	0.33	(1.83)
Diluted earnings per share	16	0.32	(1.83)
For continuing and discontinued operations			
Basic earnings per share	16	0.43	(3.34)
Diluted earnings per share	16	0.42	(3.34)
Weighted average number of ordinary shares outstanding during the period		81,105,045	81,030,032

The accompanying notes are an integral part of the audited consolidated financial statements.

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year	
		2023	2022*
Profit/(loss) for the period		34.8	(270.3)
Other comprehensive income/(loss) for the period, after tax:			
Remeasurements of defined benefit plans		(1.9)	5.7
Deferred tax on items that will not be reclassified subsequently to income statement		0.5	(1.6)
Items that will not be reclassified subsequently to income statement, net of tax		(1.4)	4.2
Exchange differences on translating foreign operations		7.3	62.0
Fair value remeasurements - Cash flow hedge	5.1	0.1	(3.0)
Deferred tax on items that will be reclassified subsequently to income statement		(0.2)	0.9
Items that will be reclassified subsequently to income statement, net of tax		7.1	59.9
Other comprehensive income/(loss) for the period, net of tax		5.7	64.1
Total comprehensive income/(loss) for the period		40.5	(206.2)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		40.5	(206.2)
Total comprehensive income/(loss) for the period		40.5	(206.2)

*The impact of hyperinflation both for non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 2022 have been restated, having a reclassification impact of €30.8m between retained earnings and cumulative translation reserves

The accompanying notes are an integral part of the audited consolidated financial statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31

in € million	Attributable to equity holders of the Company										
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings	Other reserves				Total Equity
							Defined benefit plans	Cash flow hedge	Share-based payments	Other	
Balance at December 31, 2022	82,347,218	795.2	412.8	(34.2)	(254.1)	(361.6)	3.4	(2.3)	13.2	286.1	858.4
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	4.0	-	-	(1.0)	0.1	3.1
Settlement of share-based payments	-	-	-	1.9	-	-	-	-	(0.8)	(1.2)	-
Total transactions with owners	-	-	-	1.9	-	4.0	0.0	0.0	(1.7)	(1.1)	3.1
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	34.8	-	-	-	-	34.8
Other comprehensive income/(loss)	-	-	-	-	7.3	(0.0)	(1.4)	(0.2)	-	-	5.7
Balance at December 31, 2023	82,347,218	795.2	412.8	(32.3)	(246.8)	(322.8)	2.0	(2.5)	11.5	285.0	902.0

in € million	Attributable to equity holders of the Company										
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves *	Retained earnings*	Other reserves				Total Equity
							Defined benefit plans	Cash flow hedge	Share-based payments	Other	
Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(333.1)	(91.3)	(0.8)	(0.2)	13.0	287.1	1,046.3
Restatement Opening Balance (Hyperinflation non-monetary adjustments)	-	-	-	-	17.0	-	-	-	-	-	17.0
Restated Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(316.2)	(91.3)	(0.8)	(0.2)	13.0	287.1	1,063.3
Transactions with owners at the level of Ontex Group NV:											
Share-based payments	-	-	-	-	-	0.0	(0.0)	-	1.0	-	1.0
Settlement of share-based payments	-	-	-	1.7	-	-	-	-	(0.8)	(0.9)	-
Treasury Shares	-	-	-	0.4	-	-	-	-	-	-	0.4
Total transactions with owners	-	-	-	2.1	0.0	0.0	(0.0)	-	0.3	(0.9)	1.4
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	(270.3)	-	-	-	-	(270.3)
Other comprehensive income/(loss)	-	-	-	-	62.0	(0.0)	4.2	(2.1)	-	-	64.1
Balance at December 31, 2022	82,347,218	795.2	412.8	(34.2)	(254.1)	(361.6)	3.4	(2.3)	13.2	286.1	858.4

*The impact of hyperinflation for both non-monetary and monetary items is presented in cumulative translation reserves as of 2023. The figures per December 2022 have been restated, having a reclassification impact of €30.8m between retained earnings and cumulative translation reserves

The accompanying notes are an integral part of the audited consolidated financial statements.

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2023, is as follows:

Shareholder	December 31, 2023	% ¹
Groupe Bruxelles Lambert SA	16,454,453	19.98%
ENA Investment Capital	12,411,999	15.07%
Guangchang Guo and Fosun International Holdings Ltd. ²	3,200,373	3.89%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Black Creek Investment Management Inc.	2,483,000	3.02%

¹At the time of the transparency declaration

²On January 11, 2024, the Company received a transparency declaration confirming that, on January 9, 2024, Guangchang Guo and Fosun International Holdings Ltd. held 2,399,214 voting securities or voting rights in the Company, representing 2.91% of voting securities, thereby crossing downward the threshold of 3%

The accompanying notes are an integral part of the audited consolidated financial statements.

6. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31

The amounts below include both continuing and discontinued operations. For details regarding the discontinued operations, see note 7.8.

in € million	Note	Full Year	
		2023	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	8	199.6	0.0
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		119.0	(57.7)

in € million	Note	Full Year	
		2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	121.9	133.2
Repayment of borrowings	17	(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	8	71.1	59.7

The accompanying notes are an integral part of the audited consolidated financial statements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1.1. Introduction

The accounting policies used to prepare the consolidated financial statements for the period from January 1, 2023 to December 31, 2023 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented.

7.1.2. Basis of preparation

These consolidated financial statements of the Ontex Group NV for the year ended December 31, 2023 have been prepared in compliance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2023. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2023, did not have a significant impact. No new standards, amendments to standards or interpretations were early adopted.

These financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.4.

IFRS accounting standards to be adopted as from 2023 and onwards

The following relevant new standards and amendments to existing standards have been published and endorsed by the European Union and are mandatory for the first time for the financial periods beginning on or after January 1, 2023:

Amendment to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies*. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information needs not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 12 *Income Taxes: International Tax Reform – Pillar II Model Rules*. The IASB has issued these amendments introducing

- a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar II income taxes; and
- targeted disclosure requirements for affected entities.

The Group made use of the temporary exception to the requirement to recognize and disclose information about deferred tax assets and liabilities related to Pillar II. The other above-mentioned standards did not have an impact on the financial statements.

Relevant IFRS accounting pronouncements to be adopted as from 2024 onwards

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after January 1, 2024 and have not been early adopted. Those which may be the most relevant to the Ontex Group's consolidated financial statements are set out below, but are expected not to have a significant impact on the Ontex' consolidated financial statements.

Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (effective January 1, 2024). The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognized when they occur as these relate to the right of use terminated and not the right of use retained.

Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as current or non-current* (effective January 1, 2024), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements* (effective January 1, 2024). The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (effective 1 January 2025). IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:

- Determining when a currency is exchangeable into another and when it is not;
- Determining the exchange rate to apply in case a currency is not exchangeable;
- Additional disclosures to provide when a currency is not exchangeable.

Financial reporting in hyperinflationary economies

In 2022, the Turkish economy faced further high 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. The standard has been consistently applied in 2022 and 2023, except for the impact on equity which is now fully presented in the cumulative translation reserves as of 2023. The figures per December 2022 have been restated to reflect this change in accounting policy.

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 statement of financial position 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.

7.1.3. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

Transactions with non-controlling interests

The Group treats the transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains and losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

7.1.4. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recognized in the statement of financial position is allocated to three Cash-Generating Units (CGUs). These CGUs are Europe, Russia and North America. They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

7.1.5. Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to interest-bearing debts and cash and cash equivalents are presented in the income statement within 'Net finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income/(expenses), net'.

For the purpose of presenting consolidated financial statements, assets and liabilities of the Group's foreign operations are translated at the closing rate at the end of the reporting period. Items of income and expense are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and equity items are translated at historical rates. The resulting exchange rate differences are recognized in other comprehensive income and accumulated in a separate component of equity.

The principal exchange rates that have been used are as follows:

Currency	December 31, 2023		December 31, 2022	
	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.6263	1.6285	1.5693	1.5174
BRL	5.3618	5.4016	5.6386	5.4432
CZK	24.7240	24.0007	24.1160	24.5603
GBP	0.8691	0.8699	0.8869	0.8526
MXN	18.7231	19.1897	20.8560	21.2045
PLN	4.3395	4.5421	4.6808	4.6845
RUB	100.0297	92.6806	78.9950	74.0691
DZD	148.6338	147.5233	147.1816	150.2997
USD	1.1050	1.0816	1.0666	1.0539

7.1.6. Intangible assets

An intangible asset is recognized on the statement of financial position when the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; (3) the Group can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortizations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects and product/process development projects.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the project so that it will be available for use
- management intends to complete the project and use or sell it
- there is an ability to use or sell the project
- it can be demonstrated how the project will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the project are available, and
- the expenditure attributable to the project during its development can be reliably measured.

The Group's systems allow a reliable measure of expenses directly attributable to the different IT and product/process development projects.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Externally acquired software is carried at acquisition cost less any accumulated amortization and less any accumulated impairment loss.

Maintenance costs as well as the costs of minor upgrades whose objective is to maintain (rather than increase) the level of performance of the asset are expensed as incurred.

Borrowing costs that are directly attributable to the acquisition, construction and or production of a qualifying intangible asset are capitalized as part of the cost of the asset.

Intangible assets are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	
Brands	20 years
IT implementation costs	5 years
Capitalized development costs	3 to 5 years
Licenses	3 to 5 years
Acquired concessions, patents, know-how, and other similar rights	5 years

Amortization commences only when the asset is available for use.

7.1.7. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Acquisition cost includes any directly attributable cost of bringing the asset to working condition for its intended use. Borrowing costs that are directly attributable to the acquisition, construction and/or production of a qualifying asset are capitalized as part of the cost of the asset.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets is charged to the income statement. However, expenditure on major repair and major maintenance, which increases the future economic benefits that will be generated by the fixed asset, is identified as a separate element of the acquisition cost. The cost of property, plant

and equipment is broken down into major components. These major components, which are replaced at regular intervals and consequently have a useful life that is different from that of the fixed asset in which they are incorporated, are depreciated over their specific useful lives. In the event of replacement, the component is replaced and removed from the statement of financial position, and the new asset is depreciated up until the next major repair or maintenance.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, less residual value, if any. The applicable useful lives are:

Property, plant and equipment	
Land	N/A
Land improvements and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Furniture and vehicles	4 to 8 years
Other tangible assets	5 years
IT equipment	3 to 5 years

The useful life of the machines is reviewed regularly. Each time a significant upgrade is performed, such upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

7.1.8. Leases

The Group leases several properties, machinery, vehicles and IT equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life (see note 7.1.7). In all other circumstances the asset is depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

For short-term leases (lease term of 12 months or less) or leases of low-value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognized on a straight-line basis as an expense over the lease term.

Some property leases contain variable payment terms that are linked to the use of the property (mainly warehouses). Variable lease payments that depend on the use are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

7.1.9. Impairment of non-financial assets, other than goodwill

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not subject to amortization, but are tested annually for impairment.

Other assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

7.1.10. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises the production costs, like raw materials, direct labor, and also the indirect production costs (production overheads based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts held by the Group are classified as property, plant and equipment if they are expected to be used in more than one period and if they are specific to a single machine. If they are not expected to be used in more than one period or if they can be used on several machines, they are classified as inventory. For the spare parts classified as inventory, the Group uses write-down rules based on the economic use of these spare parts.

7.1.11. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated, or if it is an operation within such a cash-generating unit.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

A discontinued operation is a component of the Group which the Group has disposed of or which is classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

7.1.12. Revenue recognition

Ontex Group's core activity is the sale of goods with as only performance obligation the delivery of goods. As such, the Group recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group sells its products to its customers directly, through distributors or agents. This can result in a different moment to recognize revenue. Following delivery to distributors, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Next to the sale of goods, distinct services – mainly customer training or customer assistance services – are rendered predominantly over the period that the corresponding goods are sold to the customer. Transportation (shipping) is not be considered as a separate performance obligation as control over the goods is only transferred to the customer after the shipment.

Payment terms can differ depending on the customer, based on the credit risk and prior payment behavior of the customer. In addition, the geographical location of the company and the customer have an effect on the payment terms. There are no significant financing components in the transaction prices and the considerations are paid in cash.

Customer contracts include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, the estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

7.1.13. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at fair value and subsequently measured at amortized cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The amount of the allowance is deducted from the carrying amount of the asset and is recognized in the income statement within 'Sales and marketing expenses'.

Trade receivables are no longer recognized when (1) the rights to receive cash flows from the trade receivables have expired, (2) the Group has transferred substantially all risks and rewards related to the receivables.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

7.1.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

7.1.15. Share capital

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments are either classified as financial liabilities or equity. The financial instrument is included in equity if, and only if, the instrument does not include a contractual obligation to deliver cash or another financial asset or to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Group, and if the instrument will or may be settled in a fixed number of the Group's own equity instruments.

7.1.16. Government grants

Grants from governments are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are deducted from the acquisition cost of the assets to which they relate and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

7.1.17. Employee benefits

Short-term employee benefits

Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in 'Employee benefit liabilities' in the statement of financial position.

Post-employment benefits

Group companies operate various pension schemes. Most of the schemes are unfunded. Some schemes are funded through payments to insurance companies or pension funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are immediately recognized in the income statement. The net interest cost relating to the defined benefit plans is recognized within financial expenses.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits

Unfunded obligations arising from long-term benefits are provided for using the projected unit credit method.

Termination benefits

Early termination obligations are recognized as a liability when the Group is 'demonstrably committed' to terminating the employment before the normal retirement date. The Group is 'demonstrably committed' when, and only when, it has a detailed formal plan for the early termination without realistic possibility of withdrawal. Where such benefits are long term, they are discounted using the same rate as above for defined benefit obligations.

7.1.18. Share-based payments

The Group operates an equity settled share-based compensation plan, consisting of stock options (hereafter 'options') (until 2020), restricted stock units ('RSU') (until 2020) and performance stock units ('PSU') (exclusively since 2021). For grants of options, RSU's and PSU's, the fair value of the employee services received is measured by reference to the fair value of the shares or options granted on the date of the grant. The Group recognizes the fair value of the services received in exchange for the grant of the options as an expense and a corresponding increase in equity on a straight-line basis over the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the share price at date of grant of the option, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Vesting conditions included in the terms of the grant are not taken into account in estimating fair value except where those terms relate to market conditions. Non-market vesting conditions are considered by adjusting the number of shares or options included in the measurement of the cost of employee services so that ultimately the amount recognized in the income statement reflects the number of vested shares or options.

At each statement of financial position date, the entity revises its estimates of the number of instruments that are expected to become exercisable and recognizes the impact of revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

When the instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the instruments is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

7.1.19. Provisions and contingent liabilities

Provisions are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

If the Group has an onerous contract, it will be recognized as a provision. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

A provision for restructuring is only recorded if the Group demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

Contingent liabilities are disclosed when there is a possible obligation depending on the occurrence of an uncertain event, or when there is a present obligation but the payment is not probable or the amount can not be reliably measured.

7.1.20. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. In line with paragraph 46 of IAS 12 *Income taxes*, management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This evaluation is made for tax periods open for audit by the competent authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred tax is not recognized for:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognized for taxable temporary differences.

Deferred tax assets are generally recognized for tax losses and tax attributes to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are calculated at the level of each fiscal entity in the Group. The Group is able to offset deferred tax assets and liabilities only if the deferred tax balances relate to income taxes levied by the same taxation authority.

7.1.21. Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are classified as at amortized cost, except for derivative instruments (see 7.1.22 below).

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

When a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

7.1.22. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks, including foreign exchange forward contracts, commodity hedging contracts and interest rate CAP's and SWAP's.

Derivatives are accounted for in accordance with IFRS 9. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair values of various derivative instruments are disclosed in note 7.5. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

If no hedge accounting is applied, the Group recognizes all gains or losses resulting from changes in fair value of derivatives in the consolidated income statement within Other operating income/expense to the extent that they relate to operating activities and within Net finance cost to the extent that they relate to the financing activities of the Group (e.g. interest rate swaps relating to the floating rate borrowings).

7.1.23. Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk and commodities, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of 'cash flow hedging reserve'. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'other operating income/(expense)' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

7.1.24. Operating segments

The Group's activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore, the Group operates as one segment.

7.1.25. Statement of cash flows

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit of the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

7.2. ALTERNATIVE PERFORMANCE MEASURES

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

7.2.1. EBITDA adjustments

Income and expenses classified under the heading “EBITDA adjustments” are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. EBITDA adjustments 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. EBITDA adjustments 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.

EBITDA adjustments of the Group for the years ended December 31 are composed of the following items presented in the consolidated income statement and can be reconciled in note 7.24:

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

7.2.2. EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA excluding EBITDA adjustments.

EBITDA and Adjusted EBITDA reconciliation of the Group for the years ended December 31 are as follows:

in € million	Full Year					
	2023			2022		
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Revenue	1,794.7	546.8	2,341.5	1,672.2	792.3	2,464.5
Operating profit/(loss)	88.3	22.3	110.6	(69.4)	(90.9)	(160.3)
Depreciation and amortization	70.7	-	70.7	70.4	-	70.4
EBITDA	159.0	22.3	181.3	1.0	(90.9)	(89.9)
EBITDA adjustments	14.9	27.1	42.0	103.0	122.6	225.6
Adjusted EBITDA	173.9	49.4	223.3	104.0	31.7	135.7
<i>Adjusted EBITDA margin</i>	9.7%	9.0%	9.5%	6.2%	4.0%	5.5%

Further information on the EBITDA adjustments can be found in note 7.24 for the continuing operations and note 7.8 for the discontinued operations.

7.2.3. Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

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

Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are as follows:

in € million	December 31, 2023			December 31, 2022		
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Non-current interest-bearing debts	671.8	15.3	687.0	891.7	16.8	908.5
Current interest-bearing debts	141.1	5.4	146.5	145.4	22.2	167.6
Cash and cash equivalents	(97.2)	(71.1)	(168.3)	(149.1)	(59.7)	(208.7)
Net financial debt	715.7	(50.4)	665.3	888.1	(20.7)	867.4
Adjusted EBITDA (LTM)*	173.9	30.7	204.6	104.0	31.7	135.7
<i>Leverage ratio</i>			3.3			6.4

*The LTM Adjusted EBITDA (LTM) in FY23 excludes the €18.7m contribution of the Mexican activities which were sold in May 2023

7.2.4. 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).

Free Cash Flow of the Group for the years ended December 31 is as follows:

in € million	Full Year	
	2023	2022
Operating profit/(loss)	88.3	(69.4)
Depreciation and amortization	70.7	70.4
EBITDA	159.0	1.0
EBITDA from discontinued Operations	22.3	(90.9)
Non-cash items and items relating to investing and financing activities	29.1	182.8
Change 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
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
Capex	(96.5)	(62.4)
Cash (used in)/from on disposal	15.8	4.6
Repayment of lease liabilities	(25.0)	(25.0)
Free Cash Flow (before financing)	54.9	(54.4)
Interests paid & received	(46.4)	(43.2)
Other financial cash flow	0.6	(17.9)
Free Cash Flow (after financing)	9.1	(115.5)

7.2.5. Adjusted Basic Earnings and Adjusted Basic Earnings per Share

Adjusted Basic Earnings (or Adjusted Profit) are defined as profit for the period plus EBITDA adjustments and tax effect on EBITDA adjustments, attributable to the owners of the parent. Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.

Adjusted Basic Earnings per Share for the years ended December 31 are presented in note 7.16.

7.2.6. Net Working Capital

The components of our net working capital are inventories, trade receivables and prepaid expenses and other receivables plus trade payables and accrued expenses and other payables. Note that compared to prior year, non-current receivables are no longer part of the Net Working Capital definition as they are not short term in nature. Since the limited amount on non-current receivables in the past, this never had a material impact.

in € million	December 31, 2023	December 31, 2022*
Inventories	252.8	264.3
Trade receivables	206.1	191.8
Prepaid expenses and other receivables	63.5	36.8
Trade payables	(370.5)	(405.3)
Accrued expenses and other payables	(20.6)	(22.6)
Total Net Working Capital	131.3	65.1

*The non-current receivables amounted to €0.3 million, explaining the difference with prior year reported Net Working Capital

7.2.7. Alternative Performance Measures included in the Press releases and other Regulated information

Like-for-Like (LFL) revenue

Like-for-like revenue is defined as revenue at constant currency excluding changes in scope of consolidation due to M&A or otherwise.

in € million	2022	Vol/mix	Price	Scope Change	2023 LFL	Forex	2023
Continuing Operations	1,672.2	5.4	156.1	-	1,833.7	(39.0)	1,794.7
Discontinued Operations	792.3	(8.2)	63.9	(286.9)	561.2	(14.4)	546.8
Total Group	2,464.5	(2.8)	220.1	(286.9)	2,394.9	(53.4)	2,341.5

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

Depreciation to revenue

Depreciation to revenue ratio is defined as depreciation adjusted for depreciation of right-of-use assets, as lease payments are not included in capex either, versus the revenue of continuing operations.

in € million	2023	2022
Depreciation and amortization	70.7	70.4
Depreciation RoU Assets	21.5	21.2
Adjusted depreciation	49.2	49.2
Revenue	1,794.7	1,672.2
Depreciation to revenue	2.7%	2.9%

7.3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

The Group monitors capital on the basis of the net financial debt position and its leverage. The Group's net financial debt position is calculated by adding all short and long-term interest-bearing debts and by deducting the available short-term liquidity.

The leverage is computed as the net financial debt divided by the LTM adjusted EBITDA (i.e. EBITDA plus EBITDA adjustments for the last twelve months (LTM)).

The net financial debt and leverage of the Group for the years ended December 31 are as follows:

in € million	December 31, 2023	December 31, 2022
Non-current interest-bearing debts	687.0	908.5
Current interest-bearing debts	146.5	167.6
Cash and cash equivalents	(168.3)	(208.7)
Net Financial Debt	665.3	867.4
LTM Adjusted EBITDA	204.6	135.7
Net Financial Debt/LTM Adjusted EBITDA ratio	3.3	6.4

For more information on the applicable debt covenants related to the available credit facilities, refer to note 7.4.

7.4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The amounts presented in the consolidated financial statements involve the use of estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amounts may differ from these estimates. The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below.

7.4.1. 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 €220.0 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 €250.0 million, from June 2024 to December 2025. The maximum amount of the extended revolving credit facility is raised to €269.1 million until June 2024 and then set at €242.5 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 €215.3 million at the end of each quarter until June 2024, and €194.0 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 €215.3 million and a leverage covenant of 4.25.

7.4.2. Income taxes

The Group has tax losses and other tax incentives that can be used to offset future taxable profits, mainly in Belgium, France, United States and Spain amounting to €595.1 million at December 31, 2023 (€544.5 million at December 31, 2022).

The Group has only recognized deferred tax assets on €61.9 million of tax losses and other tax incentives out of the €595.1 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimates are made prudently to the extent of the best current knowledge.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assesses whether certain uncertain tax provisions should be recognized in its consolidated financial statements (based on the requirements of IFRIC 23).

The European Commission challenged Belgium's excess profit ruling (EPR) system, characterizing this system as illegal state aid. Ontex, through its Belgian subsidiary Ontex BV, had an EPR covering the years 2011-2015. Ontex has lodged an appeal against this EC Decision. The General Court has handed down its judgment on February 14, 2019 in the joint case of Belgium vs Commission and Magnetrol International vs Commission. The General Court annulled the EC Decision for the reason that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme. The European Commission appealed the General Court's judgement of February 14, 2019 to the EU Court of Justice and in September 2021, the Court decided that the proceedings regarding the EPR decision must be re-opened before the General Court. The General Court judgement of September 20, 2023 upholds the EC Decision. On December 6, 2023 Ontex appealed the judgement of September 20, 2023 before the EU Court of Justice. Ontex awaits the outcome.

Furthermore, the European Commission opened individual investigations in September 2019 into each of the individual EPRs including that of Ontex, as it believes that each EPR grants illegal state aid, even if the EPR system does not constitute an aid “scheme”. The formal investigation into the Ontex EPR continues and it is unclear when a final decision can be expected. Ontex will have the right to appeal against any decision that concludes the Ontex EPR grants illegal state aid. Any such appeal will take some time to be heard.

Ontex had fully taken into account the impact of the Commission’s position that the EPR system is illegal state aid being successful, and the Commission concluding that the Ontex EPR grants illegal state aid in its tax position. Since the outcome of both challenges is not yet final, Ontex will not release the relevant provisions at this stage.

7.4.3. Business combinations

For business combinations, the Group must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Group must determine the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. These assumptions and estimates have an impact on the asset and liability amounts recorded in the consolidated statement of financial position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets and the determination of the indefinite or finite useful lives of other intangible assets acquired requires significant judgments and will have an impact on the Group’s profit or loss.

7.4.4. Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 7.1.4. The outcome of these goodwill impairment tests in 2023 did not result in an impairment. In 2022, an impairment amounting to €84.1 million was recognized on the CGU “Russia” and was entirely allocated to the goodwill. For more detailed information, see note 7.9.

The Group identifies the following cash-generating units:

- Europe
- Russia
- North America
- As part of Assets held for sale (Brazil, Turkey, Algeria and Pakistan). For more information, see note 7.4.9 and 7.8

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

Climate-related matters

In the preparation of its impairment exercises, the Group also considers climate risks. A climate risk assessment has been conducted during 2023, focusing on both physical and transition risks to better prepare the Group for and mitigate the effects of climate change.

Physical risks entail more frequent and severe adverse natural events, such as the disruption of both own operations and key suppliers’ activities due to extreme weather events. Transition risks are related to changes made in response to climate change issues, such as carbon taxes and upcoming legislations, the latter are industry-related and not entity-specific.

The scenarios studied (RCP 2.6 and RCP 8.5, see Sustainability Report) are scientifically validated by the Intergovernmental Panel on Climate Change (IPCC) and represent two extreme possibilities for future greenhouse gas emissions and resulting climate change impacts. The exposure to specific climate risks integrates the likelihood of each climate risk at the specific area or location of a production site, as well as the existing solutions in place to protect production sites against such risks and also the effects on the performance of the activity. Although some production sites might already be exposed to extreme weather such as heat waves, a business continuity plan has already been developed to prevent any impact on our operations.

The climate risk assessment has also identified exposure to potential physical risks (such as wildfire) that could disrupt the supply chain related to renewable materials (pulp, cotton). To limit the exposure associated to such risks, the Group is already implementing preventive actions, with the ambition to source 100% certified materials (91% in 2023), thereby mitigating these risks.

The Group efforts to limit the exposure of transitional risks (such as carbon taxes and upcoming legislations) that the industry could face is translated into the Sustainability Strategy by

(1) having climate targets recognized by the Science Based Targets initiative (SBTi), aligning with the Paris Agreement goals;

(2) increasing the recycled content in our packaging (with the aim to reach >30% recycled or renewable content in our plastic packaging by 2025) on top of already having 100% recyclable packaging.

Although the Group has a certain exposure to different climate related risks, it was concluded that they do not have a material impact on the current impairment exercise as they only have an impact on a long term and the Group is confident that it has already taken the necessary measures or will be able to take these in order to limit the exposure to the current risks. The Group will continue to monitor climate related risks and mitigate those through a mitigation plan.

Sensitivity analysis

For more details on the impairment test performed, we refer to note 7.9. The discount rates used are summarized here below:

in %	Full Year	
	2023	2022
Pre-tax discount rate		
Europe	8.9%	9.6%
North America	8.1%	9.1%
Russia	18.5%	18.8%

As a result of the impairment recognized in 2022 on the CGU "Russia", no goodwill is allocated anymore to this CGU.

A sensitivity analysis indicates that the recoverable amount of Europe, North America and Russia would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 14.3%, 11.1% and 27.4% respectively and all other variables kept constant.

As indicated in note 7.9, cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the two CGUs are currently operating. Should the long growth rate for the CGUs decrease by 40.0%, no impairment would need to be recognized. For Russia, no perpetual growth rate has been taken into account, given the uncertain economic environment.

Should the estimated operating margins for any of the CGUs decrease by 20.0%, no impairment would be recognized.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

7.4.5. Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16 and IAS 38.

7.4.6. Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

7.4.7. Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate should correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

7.4.8. Revenue recognition

For the accrual for volume discounts (to customers and from suppliers) some judgements are made on the impact of commercial decisions that will influence the final discount to be received or to be granted.

7.4.9. Discontinued operations and disposal group held for sale

Following its strategic review that was announced at the end of 2021 and formalized beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the "Emerging Markets". Activities in "Emerging Markets" were and are primarily driven by own brands and essentially grouped the Central and South American activities, as well as those in the Middle East and Africa.

As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position. The sale of the Central American activities was finalized beginning of May 2023 and as such, are no longer included in the Assets held for sale at December 31, 2023.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. On December 31, 2023, the discontinued CGUs (Assets held for Sale) are carried at their estimated fair value less cost to sell. Depreciation of such assets is discontinued as from their classification as held for sale.

7.4.10. Operations in Russia

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

In 2023, Ontex generated €104.1 million (2022: €157.2 million) revenue in Russia. The fixed assets held in Russia represent €18.7 million (2022: €27.8 million) consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities). The manufacturing and commercial operations are ongoing as the Russian Ontex operation provides essential care products, but these are significantly dependent from the supply of the necessary raw materials and resources to the local manufacturing facility.

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

The Group already had a very limited presence in Ukraine prior to the conflict, only having a few people in commercial roles and no owned production or assets, and now maintains a minimum activity level without putting any of its employees in danger. Ontex realized a revenue of approximately €5.0 million in 2023 in Ukraine.

7.5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

7.5.1. Overview of financial instruments

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

in € million	December 31, 2023			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		29.0	29.0	Level 3
Trade receivables		206.1	206.1	Level 2
Other receivables		63.5	63.5	Level 2
Derivative financial assets	5.1		5.1	
Interest rate swap	4.2		4.2	Level 2
Forward foreign exchange contracts	0.9		0.9	Level 2
Cash and cash equivalents		97.2	97.2	Level 2
Assets classified as held for sale		296.1	296.1	Level 3
Total Financial Assets	5.1	691.8	696.9	
Interest-bearing debts - non-current		671.8	647.6	
Senior Notes		575.5	551.4	Level 1
Lease & other liabilities		96.3	96.3	Level 2
Derivative financial liabilities	5.4		5.4	
Forward foreign exchange contracts	5.2		5.2	Level 2
Commodity hedging contracts	0.2		0.2	Level 2
Other payables - non-current		1.0	1.0	Level 2
Interest-bearing debts - current		141.1	141.1	
Syndicated Term Loan A < 1 year		113.1	113.1	Level 2
Accrued interests - Other		9.5	9.5	Level 2
Lease & other liabilities		18.6	18.6	Level 2
Trade payables		370.5	370.5	Level 2
Other payables - current		20.6	20.6	Level 2
Liabilities related to assets classified as held for sale		136.6	136.6	Level 3
Total Financial Liabilities	5.4	1,341.5	1,322.8	

December 31, 2022				
in € million	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		0.3	0.3	Level 2
Trade receivables		191.8	191.8	Level 2
Other receivables		36.8	36.8	Level 2
Derivative financial assets	12.1		12.1	
<i>Interest rate swap</i>	7.7		7.7	Level 2
<i>Forward foreign exchange contracts</i>	4.4		4.4	Level 2
Cash and cash equivalents		149.1	149.1	Level 2
Assets classified as held for sale		661.7	661.7	Level 3
Total Financial Assets	12.1	1,039.7	1,051.8	
Interest-bearing debts - non-current		891.7	815.6	
<i>Senior Notes</i>		573.8	495.0	Level 1
<i>Syndicated Term Loan A > 1 year</i>		217.3	220.0	Level 2
<i>Lease & other liabilities</i>		100.6	100.6	Level 2
Derivative financial liabilities	15.0		15.0	
<i>Forward foreign exchange contracts</i>	13.8		13.8	Level 2
<i>Commodity hedging contracts</i>	1.2		1.2	Level 2
Other payables - non-current		0.4	0.4	Level 2
Interest-bearing debts - current		145.4	145.4	
<i>Syndicated Term Loan A < 1 year</i>		115.0	115.0	Level 2
<i>Accrued interests - Other</i>		10.4	10.4	Level 2
<i>Lease & other liabilities</i>		20.0	20.0	Level 2
Trade payables		405.3	405.3	Level 2
Other payables - current		22.6	22.6	Level 2
Liabilities related to assets classified as held for sale		249.6	249.6	Level 3
Total Financial Liabilities	15.0	1,714.9	1,653.8	

Hedge accounting

In the context of the Group's financial risk management, the Group uses derivative instruments to cover specific risks, such as foreign currency exposure, interest rate exposure and commodity price exposure. The following table presents an overview of the derivative instruments outstanding at reporting date:

in € million	Fair value		Nominal amounts	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Derivative financial assets	5.1	12.1	237.1	325.0
<i>Interest rate swap</i>	4.2	7.7	150.0	150.0
<i>Forward foreign exchange contracts</i>	0.9	4.4	87.1	175.0
Derivative financial liabilities	5.4	15.0	211.9	375.8
<i>Forward foreign exchange contracts</i>	5.2	13.8	198.1	368.8
<i>Commodity hedging contracts</i>	0.2	1.2	13.8	7.0

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship (see below in notes 7.5.3 to 7.5.5). The impact on OCI of the different derivatives is as follows:

in € million	OCI				
	December 31, 2022	Amounts recognized in 2023	Amounts derecognized (Recycled to P&L) in 2023	Total Movement 2023	December 31, 2023
Forward foreign exchange contracts	(9.3)	5.1	1.5	6.6	(2.7)
Commodity hedging contracts	(1.1)	(5.4)	6.3	0.9	(0.2)
Interest rate swap	7.6	0.5	(8.1)	(7.6)	0.0

in € million	OCI				
	December 31, 2021	Amounts recognized in 2022	Amounts derecognized (Recycled to P&L) in 2022	Total Movement 2022	December 31, 2022
Forward foreign exchange contracts	1.0	(10.7)	0.4	(10.3)	(9.3)
Commodity hedging contracts	1.2	-	(2.3)	(2.3)	(1.1)
Interest rate swap	(1.8)	9.0	0.4	9.4	7.6

The tables above do not reconcile with the Consolidated Statement of Changes in Equity as a result of the deferred tax on the derivatives included in the Other Comprehensive Income for an amount of €0.7 million for the Total Group (2022: €0.9 million), and derivatives within Assets held for sale for an amount of €-0.3 million (2022: €-0.5 million).

The fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is exceeding 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The fair value of the derivatives is based on level 2 inputs as defined under IFRS 7.27, meaning inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are based on mathematical models that use market observable data and are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Level 3 liabilities: the amount has been determined based on contractual agreements.

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per December 31, 2023 (nor 2022).

The counterparties of the outstanding derivative instruments have an A-credit rating.

7.5.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

There have been no changes in the risk management department since last year-end or in any risk management policies.

7.5.3. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP), the Polish zloty (PLN), the Australian dollar (AUD) and Russian ruble (RUB) in relation to sales, and the US dollar (USD) and the Czech crown (CZK) in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group also has exposures to the Russian ruble (RUB), Czech crown (CZK) and Australian dollar (AUD) due to their net investments in foreign operations.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

in € million	Assets		Liabilities	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
EUR	1,880.8	1,879.9	2,520.2	2,765.6
USD	187.6	132.7	188.2	154.3
MXN	91.7	0.0	97.7	14.0
PLN	84.8	85.7	51.6	49.7
GBP	79.2	67.0	51.0	42.6
RUB	37.6	30.9	3.3	4.8
CZK	13.4	27.0	12.6	20.9
AUD	19.1	25.4	12.0	17.2

The Group monitors its foreign exchange exposure closely and will enter into hedging transactions if deemed appropriate to minimize exposure throughout the Group to foreign exchange fluctuations. All hedging decisions are subject to approval of the Board of Directors. The strategy regarding FX hedges was maintained.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, the Group uses forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury is responsible for optimizing the net position in each foreign currency when possible and appropriate. The Group applies hedge accounting for the hedge related transactions, the impact of the revaluation is recognized in other comprehensive income.

The Group has entered into foreign exchange forward contracts in 2023 maturing at the latest in March 2025 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in US dollar and Czech crown during 2024. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2024: for British pound (GBP) 81.2 million, for Polish zloty (PLN) 278.3 million, for Australian dollar (AUD) 24.7 million, for Czech crown (CZK) 897.9 million, for US dollar (USD) 70.2 million versus EUR and US dollar (USD) 18.5 million versus Czech crown (CZK).

The terms of the foreign currency forward contracts have been negotiated to match the terms of the highly probable forecast transactions. The Group applies hedge accounting to the foreign currency forward contracts.

The changes in the fair value of these hedging instruments, designated as effective instruments in a cash flow hedge, are recognized in OCI until the moment the transaction occurs. At the moment the transaction leads to the recognition of a trade receivable or a trade payable, this cash flow hedge reserve including the changes in fair value of the hedging instrument is included in P&L where it adjusts revenue/costs or, if the transaction leads to the recognition of a non-financial asset or non-financial liability, as an adjustment of the carrying amount of the asset and liability. Further changes in the hedging instrument are recognized in P&L together with the changes in the trade receivables or payables.

For the year ended December 31, 2023, an unrealized gain of €11.7 million (mainly Mexican peso versus EUR for €11.1 million and US dollar versus EUR for €0.6 million) has been recognized in other comprehensive income, offset by an unrealized loss of €5.1 million (mainly British pound, Czech crown and Polish zloty).

As of December 31, 2023, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €0.9 million (2022: €4.4 million) and of the derivative financial liability amounted to €5.2 million (2022: €13.8 million).

An amount of €1.5 million was reclassified to P&L (loss) during 2023 (2022: €0.4 million loss).

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/strengthening of the Euro against the reported currency for the outstanding derivative positions with all other variables held constant.

in € million	10% weakening of the EUR			10% strengthening of the EUR		
	2023		2022	2023		2022
	Impact on P&L	Impact on Equity	Impact on P&L	Impact on P&L	Impact on equity	Impact on P&L
AUD	(0.2)	(1.5)	(0.2)	0.2	1.2	0.2
GBP	(1.0)	(9.2)	(0.9)	0.8	7.5	0.8
PLN	(0.7)	(6.3)	(0.8)	0.5	5.2	0.7
USD	1.7	4.8	(1.9)	(1.4)	(4.0)	1.6

7.5.4. Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate swaps to manage these risks.

The Floating Rate Syndicated Term Loan A of €220.0 million was repaid during 2023 following the sale of the Mexican business. The Group was hedged for the related interest rate risk through its interest rate swap of €150.0 million. Following the repayment of the Term Loan, the hedging relationship became ineffective as the remaining outstanding facilities, the Floating Rate Syndicated Term Loan B and C bear an interest rate of EURIBOR 1 month + margin, versus the EURIBOR 3 month + margin of Term Loan A. Consequently, the fair value of the interest rate swap has been reclassified to the income statement and any fluctuations will run through the income statement going forward. Depending on the amount withdrawn under the Floating Rate Syndicated Term Loan B and C, the interest rate swap also partially covers the interest rate risk under the existing factoring agreement, which carries a floating rate of EURIBOR 1 month + margin.

At December 31, 2023, there has been €115.0 million withdrawn on Floating Rate Syndicated Term Loan B and C, carrying an interest of EURIBOR 1 month + margin of 3.50%.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31, 2023, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €0.1 million higher/lower. At December 31, 2022, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €0.2 million higher/lower.

The notional principal amounts of the outstanding fixed payer interest rate swap contract at December 31, 2023 is €150.0 million as per below table:

Duration	Fixed interest rate %	Amount in € million
1 Year	0.5950%	150.0
Total		150.0

The OCI net impact for 2023 was a €7.7 million gain (2022: €9.5 million gain). €8.1 million was reclassified to P&L (gain) during 2023 (2022: €0.4 million loss).

7.5.5. Price risk (commodity)

The Group has some exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene, propylene and polypropylene.

The Group also decided to continue to hedge a portion of the fluff, propylene, polypropylene, polyethylene and LDPE exposure in 2023.

Forward contracts to cover the commodity price risk are being reviewed and potentially executed monthly. Forward contracts are initiated over a future period of 12 months covering monthly expected exposure. The total notional amount hedged in 2023 was €111.1 million covering fluff (€98.9 million), propylene (€7.1 million), polypropylene (€3.4 million) and LDPE (€1.7 million). The average hedged rate for 2023 was €1,766/Ton for fluff, €1,008/Ton for propylene, €2,265/Ton for polypropylene and €2,355/Ton for LDPE.

The OCI net impact for 2023 was a €0.9 million gain (2022: €2.3 million loss). €6.3 million was reclassified to P&L (loss) during 2023 (2022: gain of €2.3 million).

Sensitivity of the fair value of derivative financial instruments related to commodities: at December 31, 2023, if there would be a shift of the commodity forward curve by 10% increase/decrease with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €1.4 million higher / €1.4 million lower (2022: impact was €0.6 million higher / €0.6 million lower).

7.5.6. Equity price risk

Following the issuance of options, RSU's and PSU's as share-based payment arrangements under the different long-term incentive programs ("LTIP") (refer to note 7.28 for details of these programs), the Group is exposed to variations in the Group share price.

The Board has decided on June 1, 2015 to implement a full hedging program through a total return swap. The purpose of this financial instrument was to effectively hedge the risk that a share price increase of the Ontex shares would negatively impact future cash flows as a result of the Company's share-based payment obligations. During 2022, the existing program was not renewed and all shares acquired under that program are therefore now owned by the Group.

In addition, in May 2023, the Company issued a one-time grant of PSUs covering financial years 2023, 2024 and 2025 under the Company's 2023-2025 "Value Creation Projects" Long-Term Incentive Plan (the "VCP LTIP"). For further details on the VCP LTIP, please refer to the Remuneration Report, which forms part of the annual report. The VCP LTIP provides that, at vesting (in May 2026), the Company shall deliver to beneficiaries either existing shares of the Company, newly issued shares of the Company or a combination of both. As the default option, the Board has foreseen that the shares to be delivered upon vesting under the VCP LTIP will be newly issued shares. The Board may however elect to deliver (in full or in part) existing shares instead of newly issued shares. To deliver newly issued shares, the Board would make use of the authorized capital, which allows the Board, within the limits set by Belgian law and the authorization granted by the shareholders' meeting, to increase the Company's capital without further shareholder approval. Any such issuance of new shares would lead to a corresponding dilution for existing shareholders.

7.5.7. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account their financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% for 2023 and 2022. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

Refer to note 7.13 for the aging of the receivables and the doubtful receivables.

All financial instruments are held at banks and financial institutions with a credit rating of at least A.

The maximum exposure to credit risk at the reporting date is the carrying amount as presented in the table above in the note 7.5.1.

7.5.8. Liquidity risk

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 7.17 Interest-bearing debts) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyzes the Group's financial liabilities (including interest payments) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

in € million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2023				
Interest-bearing debts	(136.1)	(20.4)	(590.6)	-
Lease liabilities	(30.0)	(26.9)	(46.2)	(70.9)
Trade payables	(370.5)	-	-	-
Total non-derivative financial liabilities	(536.6)	(47.3)	(636.8)	(70.9)
Interest rate swaps	-	-	-	-
Forward foreign exchange contracts	(274.5)	(10.7)	-	-
Total derivative financial liabilities	(274.5)	(10.7)	-	-
At December 31, 2022				
Interest-bearing debts	(34.0)	(361.6)	(611.0)	(0.0)
Lease liabilities	(24.0)	(20.3)	(38.7)	(60.2)
Trade payables	(405.3)	-	-	-
Total non-derivative financial liabilities	(463.3)	(381.9)	(649.7)	(60.2)
Interest rate swaps	(0.9)	(0.9)	-	-
Forward foreign exchange contracts	(531.8)	(12.0)	-	-
Total derivative financial liabilities	(532.7)	(12.9)	-	-

7.6. OPERATING SEGMENTS

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

7.6.1. Information by product group

The key product categories are:

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

in € million	Full Year	
	2023	2022
Baby Care	790.0	765.0
Adult Care	736.4	653.6
Feminine Care	241.3	222.0
Other	27.0	31.6
Total revenue	1,794.7	1,672.2

7.6.2. Information by country

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 4% of Ontex Revenue. Sales to countries in our top five markets are presented in the table below. The sales in all other individual countries represent less than 10% of the Group's revenue.

in € million	Full Year	
	2023	2022
United Kingdom	303.9	253.8
Italy	219.3	180.4
USA	197.2	205.1
France	190.2	182.7
Poland	167.8	138.2
Other countries	716.2	711.8
Total revenue	1,794.7	1,672.2

The following table presents an overview of the non-current assets (property, plant and equipment (PP&E), right to use assets and intangible assets) located in the main countries. The non-current assets in all other individual countries represent less than 10% of the Group's total non-current assets (excluding financial instruments, deferred tax assets and goodwill). Goodwill is not included in the below table as this is not monitored on a country-basis, but at the divisional level.

in € million	December 31, 2023	December 31, 2022
Belgium	123.5	133.5
Poland	83.7	68.5
Spain	72.3	48.9
Mexico	68.0	52.4
Germany	51.3	49.7
Czech Republic	46.0	50.0
Other countries	154.4	160.0
Total	599.4	562.9

7.6.3. Revenue from major customers

The Group does not have a single significant customer. In 2023 the largest customer represents 8.5% (2022: 7.8%) of the revenue. The 10 largest customers represent 37.3% of 2023 revenue (2022: 37.1%).

7.7. LIST OF CONSOLIDATED COMPANIES

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2023	2022		
Can Hygiène SPA	Algeria	100.0%	100.0%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Australia Pty Ltd	Australia	100.0%	100.0%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Manufacturing Pty Ltd	Australia	100.0%	100.0%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Eutima BV	Belgium	100.0%	100.0%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontex BV	Belgium	100.0%	100.0%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Active Industria De Cosméticos S.A.	Brazil	100.0%	100.0%	Rua Contorno Oeste 1/16 Quadra 01, Lote 01/16, Modulo 2 Senador Canedo, Goiania, Brazil	CNPJ 22.010816/0001-39
Falcon Distribuidora Armazenamento E Transporte S.A.	Brazil	100.0%	100.0%	Rua Iza Costa 1.104 Quadra: Area Lote Modulo 2, Fazenda Retio, Goiania, Brazil	CNPJ 23.191.831/0001-93
Chicolastic Chile, S.A. ¹⁾	Chile	0.0%	100.0%	Calle la Concepcion 81, D 603 P 06, Providencia, Santiago, Region Metropolitana, 8320000 Santiago de Chile, Chile	96886530-7
Ontex Hygienic Disposables (Yangzhou) Co.TD	China	100.0%	100.0%	Hangji industrial park, Hanjiang Dictict, N°1 Zhaizhuang Road, 225111 Yangzhou, China	321000400010102
Ontex Hygienic Disposables (Shanghai) LTD	China	100.0%	100.0%	4F, Building G, No. 69, Hongqiao Green Valley Community, Yuhong Road, Minhang District, Shanghai	91310000MA1GCW6L6Y
Ontex CZ S.r.o.	Czech Republic	100.0%	100.0%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Ontex Hygienic Disposables PLC	Ethiopia	100.0%	100.0%	Tracon Tower Building Addis Ababa, Subcity Arada, Werada 02, Kebele 01, House n° : 30/97, Ethiopia	EIA-PC/01/005318/08
Hygiène Medica SAS	France	100.0%	100.0%	30 Rue Hubble Parc Européen de la Haute Borne, 59262 Sainghin-en-Mélantois, France	401 439 872
Ontex France SAS	France	100.0%	100.0%	586 Boulevard Albert Camus, 69400 Villefranche-sur-Saône, France	338 081 102
Ontex Santé France SAS	France	100.0%	100.0%	Quai du rivage 62119 Dourges, France	502 601 297
Moltex Baby-Hygiene GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
Ontex Engineering GmbH & Co .KG	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRA 21335
Ontex Healthcare Deutschland GmbH	Germany	100.0%	100.0%	Hansaring 6, Lotte 49504, Germany	HRB 9669
Ontex Hygienartikel Deutschland GmbH	Germany	100.0%	100.0%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Inko Deutschland GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 20630
Ontex Care GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Mayen GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699
Ontex Vertrieb GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
WS Windel-Shop GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Manufacturing Italy S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	02456370697

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2023	2022		
Serenity Holdco S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-178769
Serenity Spa	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-99632
Grupe P.I Mabe, S.A de C.V ¹⁾	Mexico	0.0%	100.0%	Ibsen N40 4to piso, col. Polanco Delegacion Miguel Hidalgo CP 11560 Mexico	GPI950824N64
Productos Internacionales Mabe, S.A de C.V ¹⁾	Mexico	0.0%	100.0%	Calle Norte 12, Ciudad Industrial 105,22505 Tijuana, Mexico	PIM810710R32
Ontex Mexico Operations S.A. de C.V. ²⁾	Mexico	100.0%	100.0%	Calle 12 Norte No. 105, Ciudad Industrial, Tijuana, Mexico	OMO220624KA3
Ontex Pakistan Ltd	Pakistan	100.0%	100.0%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	0076658
Ontex Polska sp. z.o.o.	Poland	100.0%	100.0%	ul. Przedsiębiorcow 6, 97-500 Radomsko, Poland	0000010044
Ontex Romania Srl	Romania	100.0%	100.0%	Bucharest, 46 Grigore Cobalcescu Street, 2nd floor, 1st District, Romania	R 7682053
Ontex RU LLC	Russia	100.0%	100.0%	Zemlyanoy Val Street 9, 10564 Moscow, Russia	1055008702649
Ontex ES Holdco S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	B85082832
Ontex ID SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	NIFA-60617875
Ontex Peninsular SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	A40103855
Valor Brands Europe, S.L	Spain	100.0%	100.0%	Torviscal 12, 45007 Toledo, Spain	B2837-1540
Ontex Hygienic Spain, S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	M635-328
Ontex Tüketim. Ürn. San. ve Tic. AS	Turkey	100.0%	100.0%	Tekstil Kent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Ukraine LLC	Ukraine	100.0%	100.0%	Building 7(C), 13 M. Pymonenko Street, 04050 Kyiv, Ukraine,	37728333
Ontex Health Care UK Ltd	United Kingdom	100.0%	100.0%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
Ontex Retail UK Ltd	United Kingdom	100.0%	100.0%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex US Holdco, LLC	USA	100.0%	100.0%	1201 North Market Street, 19801 Wilmington, New Castle county, Delaware, United States of America	35-2548297
Valor Brands, LLC	USA	100.0%	100.0%	960 North Point Parkway, Suite 100, Alpharetta, GA 30005, USA	06-1661367
Ontex Operations USA, LCC	USA	100.0%	100.0%	1900 Barnes Street, Reidsville, NC 27320	85-0811594

¹⁾ Chicolastic Chile, S.A., Grupe P.I. Mabe, S.A. de C.V. and Productos Internacionales Mabe, S.A. de C.V. were sold as part of the divestment of the Mexican business, see note 7.8

²⁾ Ontex Mexico Operations S.A. de C.V. was founded in the course of 2022

The percentage of voting rights directly or indirectly held by the Group in the subsidiaries listed in the table above is equal to the percentage of equity interest directly or indirectly held by the Group.

The Group's most significant subsidiaries are Ontex BV, Ontex Mayen GmbH, Ontex Hygienartikel Deutschland GmbH, Ontex Santé France SAS, Ontex CZ Sro, Serenity Spa, Ontex Manufacturing Italy S.r.l. and Valor Brands LLC.

For the financial year ending December 31, 2023 the following companies make use of the exemptions in accordance with the German regulations of § 267 section 3 HGB:

- Ontex Vertrieb GmbH, Mayen;
- Ontex Mayen GmbH, Mayen;
- Moltex Baby-Hygiene GmbH, Mayen;
- WS Windel-Shop, Mayen;
- Ontex Healthcare Deutschland GmbH, Lotte;
- Ontex Hygieneartikel Deutschland GmbH, Großpostwitz; and
- Ontex Engineering GmbH & Co. KG, Mayen.

7.8. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

Following its strategic review that was announced at the end of 2021 and formalized in the beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the “Emerging Markets”. Activities in “Emerging Markets” were and are primarily driven by own brands and essentially grouped the Central and South American activities, as well as those in the Middle East and Africa.

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

The associated assets and liabilities are consequently presented as held for sale as from January 1, 2022. The related financial performance is thereby reported as discontinued operations in the income statement. The assets held for sale in the table below amount to €653.9 million at December 31, 2022 and deviate from the amount in the consolidated statement of financial position as the Group also held a building in Germany as held for sale at the end of 2022. This building was sold in the course of 2023.

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. Closing of the transaction occurred at the beginning of May 2023 and the proceeds from the transaction were exclusively applied to reduce debt. During 2023, Ontex entered into binding agreements for the sale of both its Algerian and Pakistan business. The closing for both transactions is foreseen in the first half of 2024, subject to customary conditions.

Ontex continues working on the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue.

Disposal group classified as held for sale

Within the result for the period from discontinued operations, there are EBITDA adjustments for an amount of €27.1 million (in 2022: €122.6 million) of which €14.4 million (in 2022: €12.6 million) is related to changes to the group structure, including the sale of the Mexican business, and €12.7 million (in 2022: €110.0 million) is related to impairment losses. An exit tax of €2.6 million was incurred which is included in the carrying amount of net assets sold as already provided for at the moment of closing.

In 2023, a loss of €11.2 million is related to the sale of the Mexican business and is detailed as follows:

in € million	Full Year
	2023
Total cash received at December 31, 2023	229.8
Cash disposed	(30.3)
Net cash impact	199.6
Deferred consideration at December 31, 2023*	27.7
Carrying amount of net assets sold	(242.1)
Result on disposal before reclassification of foreign currency translation reserve	(14.9)
Reclassification of foreign currency translation reserve	3.7
Result on disposal	(11.2)

*The deferred consideration in the above table differs from the Non-current receivables in the consolidated statement of financial position due to the revaluation of the above deferred consideration at year-end and some smaller non-current other receivables

The impairment losses in 2023 are related to impairments on the business in Algeria (€9.0 million) and Pakistan (€3.6 million) in the first half of 2023 and are based on the expected proceeds of its disposal less costs to sell versus the carrying amount of the related net assets. At year-end, no additional impairment was needed.

In 2022, impairment losses on goodwill of €108.9 million were recognized based on a comparison of the expected proceeds of disposal of the Mexican business less costs to sell versus the carrying amount of the related net assets. Furthermore, €33.2 million of impairment was related to the Turkish business. No additional impairment on the Turkish business was needed in 2023.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

in € million	December 31, 2023	December 31, 2022
Non-current Assets		
Goodwill	0.0	83.8
Intangible assets	0.1	17.1
Property, plant and equipment	69.4	183.8
Right-of-use assets	18.0	16.3
Deferred tax assets	4.1	0.4
Other non-current assets	0.3	0.5
	92.0	301.9
Current Assets		
Inventories	57.7	116.1
Trade receivables	63.6	115.4
Prepaid expenses and other receivables	7.9	53.8
Current tax assets	3.8	6.5
Derivative financial assets	0.0	0.5
Cash and cash equivalents	71.1	59.7
	204.1	352.0
Assets classified as held for sale	296.1	653.9
in € million	December 31, 2023	December 31, 2022
Non-current liabilities		
Employee benefit liabilities	2.8	3.4
Interest-bearing debts	15.3	16.8
Deferred tax liabilities	7.6	12.9
Other payables	0.0	0.0
	25.7	33.1
Current liabilities		
Interest-bearing debts	5.4	22.2
Derivative financial liabilities	0.2	0.4
Other current financial liabilities	0.0	0.0
Trade payables	82.2	154.1
Accrued expenses and other payables	11.8	19.6
Employee benefit liabilities	8.5	12.5
Current tax liabilities	0.0	4.8
Provisions	2.8	2.9
	110.9	216.5
Liabilities related to assets classified as held for sale	136.6	249.6

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2023 were €304.7 million.

Financial performance

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

in € million	Full Year	
	2023	2022
Revenue	546.8	792.3
Operating expenses (excl. depreciations and amortizations)	(497.4)	(760.6)
Adjusted EBITDA	49.4	31.7
Income and expenses related to impairment losses and restructuring	(27.1)	(122.6)
EBITDA	22.3	(90.9)
Depreciation and amortization	-	-
Financial result	(8.8)	(19.9)
Profit/(loss) before income tax	13.5	(110.7)
Income tax expense	(5.7)	(10.9)
Profit/(loss) for the period from discontinued operations	7.9	(121.6)

Earnings per share (€)	Full Year	
	2023	2022
For discontinued operations		
Basic earnings per share	0.10	(1.50)
Diluted earnings per share	0.09	(1.50)

Cash flows

The cash flow information presented for the period ended December 31, 2023 and 2022:

in € million	Full Year	
	2023	2022
Net cash generated from / (used in) operating activities	117.6	14.4
Net cash generated from / (used in) investing activities	37.8	(13.1)
Net cash generated from / (used in) financing activities	(139.1)	(4.2)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	16.3	(2.9)
Effects of exchange rate changes on cash and cash equivalents	(4.9)	1.5

The above cash flow does not include the total cash received for the sale of the Mexican activities as this was received by the owners of the Mexican activities, i.e. Ontex BV and Eutima BV, which are part of the continuing operations.

Hyperinflation

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 as of January 1, 2022. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into euro at the period closing exchange rate.

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

- Hyperinflation accounting was applied as of January 1, 2022 and was continuously applied during 2023;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Turkey were restated using official Consumer Price index published by the Turkish Statistic Institute TUIK. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2021 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2022 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line. This impact on the finance line in 2023 amounted to €-10.0 million (2022: €-9.7 million). The CPI index at 31 December 2023 amounted to 1,859.38 which means an increase of 65% versus 31 December 2022;
- The income statement is adjusted at the end of each reporting period using the change in the consumer price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies). This impact in 2023 amounted to €1.2 million (2022: €-0.4 million).

In 2023, the Turkish operations after hyperinflation accounting represented 17.0% (2022: 12.2%) of the company's revenue from discontinued operations.

The hyperinflation impact on the net assets held for sale presented above of €159.5 million, amounts to €14.7 million (2022: €29.0 million). The decrease is mainly explained by the impairment on the goodwill included in the Turkish business at December 31, 2022 and which is consequently no longer subject to Hyperinflation.

7.9. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
in € million						
Period ended December 31, 2023						
Opening net book amount	797.9	(0.0)	4.1	18.9	9.6	830.6
Additions	0.0	0.0	0.3	7.4	3.0	10.7
Transfers	0.0	0.0	5.0	0.3	(5.0)	0.3
Amortization expense	0.0	0.0	(1.7)	(7.6)	0.0	(9.2)
Impairment	0.0	0.0	(0.4)	(1.4)	0.0	(1.8)
Exchange differences	(1.9)	(0.0)	0.0	(0.0)	(0.0)	(1.9)
Closing carrying amount	796.0	(0.0)	7.4	17.7	7.5	828.6
At December 31, 2023						
Cost	847.1	0.0	14.7	75.4	21.6	958.9
Accumulated amortization and impairment	(51.1)	0.0	(7.4)	(57.7)	(14.1)	(130.2)
Carrying amount	796.0	0.0	7.4	17.7	7.5	828.6

	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
in € million						
Period ended December 31, 2022						
Opening net book amount	1,039.9	15.4	1.7	19.2	9.5	1,085.7
Hyperinflation opening net book amount	9.5	0.0	0.0	0.0	0.0	9.5
Restated opening net book amount	1,049.4	15.4	1.7	19.2	9.5	1,095.2
Additions	0.0	0.0	0.2	6.7	4.5	11.3
Transfers	0.0	0.0	3.7	0.9	(4.5)	0.1
Reclassified as held for sale	(170.6)	(15.4)	0.0	0.0	0.2	(185.8)
Amortization expense	0.0	0.0	(1.3)	(7.9)	0.0	(9.2)
Impairment	(84.1)	0.0	(0.2)	0.0	0.0	(84.3)
Exchange differences	3.2	(0.0)	0.0	(0.0)	0.0	3.2
Closing carrying amount	797.9	(0.0)	4.1	18.9	9.6	830.6
At December 31, 2022						
Cost	862.6	0.0	9.4	67.5	23.7	963.4
Accumulated amortization and impairment	(64.7)	(0.0)	(5.3)	(48.6)	(14.1)	(132.7)
Carrying amount	797.9	(0.0)	4.1	18.9	9.6	830.6

Capitalized IT implementation costs represent internally developed and externally purchased software for own use.

The impairment recognized in 2022 mainly results from the goodwill impairment test carried out on the Russian business, see note 7.9.1 for more information.

The amortization expense is included in the captions of the consolidated income statement as follows:

in € million	2023	2022
Cost of sales	0.1	0.1
General and administrative expenses	9.2	9.1
Total amortization expense	9.2	9.2

The Group incurred €13.5 million of research and development expenses in 2023 (2022: €11.8 million) that has been recorded under the caption 'General and administrative expenses'.

No intangible assets have been pledged in the context of financial liabilities.

7.9.1. Goodwill

History

At the end of 2010, Ontex was acquired from Candover by Goldman Sachs Capital Partners and TPG Capital, both holding 50% of the shares of the new Ontex top-holding company. At the time of the acquisition, the net assets of Ontex were negative which resulted in the generation of goodwill of €841.5 million.

In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy. This acquisition resulted in the recognition of a goodwill of €18.6 million.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products. This major acquisition resulted in the recognition of a goodwill for €236.1 million, which was denominated in Mexican peso and US dollars.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil"). This resulted in a goodwill of €128.3 million, which was denominated in Brazilian real.

Following its strategic review that was announced at the end of 2021 and formalized in the beginning of 2022, the Group announced that it would pursue divestment opportunities for the activities located in the "Emerging Markets". Activities in "Emerging Markets" were and are primarily driven by own brands and essentially grouped the Central and South American activities, as well as those in the Middle East and Africa. Following this strategy, €170.6 million of goodwill was reclassified to assets held for sale.

Goodwill impairment

Considering the renewed strategy of the Group to refocus its activities on Europe and North America, the Group has reviewed the cash-generating units and has determined the following cash-generating units for the purpose of the goodwill impairment testing:

- Europe
- Russia
- North America

Annual impairment reviews are performed during the fourth quarter of each year for all CGUs, except if there would be factors indicating a risk for impairment loss. These reviews compare the carrying value of each CGU with the recoverable amount of the CGU's assets calculated using a discounted cash flow model. If the recoverable amount is less than the carrying value of the CGU, an impairment loss is recognized immediately in the income statement. The test at year-end did not lead to any impairment. In 2022, an impairment of €84.1 million was recognized on the CGU "Russia", and was entirely allocated to goodwill.

The judgments and estimates considered in the context of the impairment tests are disclosed in note 7.4.4.

Goodwill allocated to the CGUs as at December 31 was as follows:

in € million	2023	2022
Europe	743.1	743.1
North America	53.0	54.9
Goodwill allocated to the CGU's	796.0	797.9

The recoverable amount of a CGU is determined by means of value-in-use calculations. These calculations are based on pre-tax cash flow projections (prepared in euros) using key parameters from the consolidated financial budget approved by Ontex' Board of Directors and the Group's Strategic Plan through 2027. Cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America.

The key assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates, estimated changes to selling prices, product offerings, direct costs, operating margins and terminal growth rates. Climate-related matters were considered but did not have a material impact on the value-in-use calculation as explained in note 7.4.4.

The discount rate is a measure based on industry average weighted cost of capital and risk-free rates weighted for the different regions in which the CGU's are operating.

Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on key parameters from the consolidated financial budget approved by the Board of Directors, the Group's Strategic Plan through 2027, and pre-tax discount rates for each CGU, as described in note 7.4.4, based on current market assessments of the time value of money and the risks specific to the Group.

The development of the financial budget and Strategic Plan relies on a number of assumptions, including:

- The market growth, the evolution of the Group's market share, competitive landscape and innovation trends in the different markets as well as strategic initiatives
- The product mix
- The expected evolution of various direct and indirect expenses
- The estimated future capital expenditure

The assumptions were derived mainly from:

- Available historic data
- External market research
- Internal market expectations based on trend reports, etc

The key assumptions used are reviewed and updated on a yearly basis by the Group's management. Taking into account the excess of the cash-generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2023.

The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note 7.4.4.

7.10. PROPERTY, PLANT AND EQUIPMENT

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
in € million						
Period ended December 31, 2023						
Opening carrying amount	77.8	300.4	0.9	0.4	40.6	420.1
Additions	1.9	25.4	0.3	0.7	51.9	80.3
Transfers	3.2	12.2	(0.1)	(0.3)	(15.4)	(0.3)
Disposals	(3.9)	(0.3)	(0.0)	0.0	(0.3)	(4.5)
Depreciation expense	(2.8)	(36.7)	(0.2)	(0.2)	0.0	(39.9)
Impairment	(0.0)	0.3	0.0	0.0	(0.3)	0.0
Capital grants received	0.0	(0.4)	0.0	0.0	0.0	(0.4)
Exchange differences	(0.0)	2.9	(0.0)	0.0	0.9	3.8
Reclassified as held for sale	(0.1)	(3.4)	(0.0)	0.4	5.5	2.4
Closing carrying amount	75.9	300.6	0.9	1.1	83.0	461.5
At December 31, 2023						
Cost	124.1	567.0	3.7	4.1	83.0	781.9
Accumulated depreciation and impairment	(48.2)	(266.4)	(2.8)	(3.0)	0.0	(320.4)
Carrying amount	75.9	300.6	0.9	1.1	83.0	461.5

	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
in € million						
Period ended December 31, 2022						
Opening carrying amount	121.4	396.9	1.0	0.6	53.6	573.4
Hyperinflation opening net book amount	0.0	6.4	0.0	0.0	0.0	6.5
Restated opening net book amount	121.4	403.3	1.0	0.6	53.6	579.9
Additions	4.9	33.6	0.3	0.1	7.0	45.9
Transfers	2.0	21.6	0.1	0.0	(23.2)	0.6
Disposals	(0.3)	(0.7)	0.0	0.0	(0.1)	(1.1)
Depreciation expense	(4.4)	(35.2)	(0.3)	(0.2)	0.0	(40.0)
Impairment	0.0	(4.1)	(0.0)	0.0	(0.2)	(4.4)
Capital grants received	0.0	(0.4)	0.0	0.0	0.0	(0.4)
Exchange differences	0.8	7.2	0.0	0.0	0.9	9.0
Reclassified as held for sale	(46.7)	(124.9)	(0.3)	(0.2)	2.5	(169.5)
Closing carrying amount	77.8	300.4	0.9	0.4	40.6	420.1
At December 31, 2022						
Cost	124.1	587.5	3.3	3.3	40.6	758.8
Accumulated depreciation and impairment	(46.3)	(287.1)	(2.3)	(2.9)		(338.7)
Carrying amount	77.8	300.4	0.9	0.4	40.6	420.1

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

Impairment losses in 2022 are limited to €4.4 million and is related to an expected decreased utilization rate on some machinery. In 2023, no material impairments were needed.

The depreciation expense is included in the consolidated income statement as follows:

in € million	2023	2022
Cost of Sales	36.1	34.3
Distribution expenses	1.2	1.3
Sales and marketing expenses	0.1	0.1
General administrative expenses	1.4	2.4
Other operating income	1.1	1.8
Total depreciation expense	39.9	40.0

No pledges have been set on the items of property, plant and equipment, except for some machinery in the context of local borrowings.

7.11. LEASES

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2023				
Opening carrying amount	100.1	2.5	7.5	110.1
Additions	0.3	0.7	7.2	8.2
Transfers	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.1	0.1
Depreciation expense	(15.5)	(1.2)	(4.7)	(21.5)
Impairment	(2.9)	0.0	0.0	(2.9)
Modifications to lease liabilities	10.5	0.3	0.6	11.4
Exchange differences	(0.1)	0.0	(0.1)	(0.2)
Closing carrying amount	92.3	2.3	10.6	105.3
At December 31, 2023				
Cost	157.4	5.3	21.8	184.5
Accumulated depreciation and impairment	(65.0)	(3.1)	(11.2)	(79.3)
Carrying amount	92.3	2.3	10.6	105.2

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2022				
Opening carrying amount	87.4	4.0	10.5	102.0
Hyperinflation opening net book amount	0.7	0.0	0.0	0.7
Restated opening net book amount	88.1	4.0	10.5	102.7
Additions	40.3	0.6	3.3	44.2
Transfers	(0.0)	(0.7)	0.0	(0.7)
Disposals	(0.5)	0.0	(0.0)	(0.6)
Depreciation expense	(15.8)	(1.3)	(4.1)	(21.2)
Impairment	(3.2)	0.0	0.0	(3.2)
Modifications to lease liabilities	(2.0)	(0.1)	(0.5)	(2.5)
Exchange differences	2.6	(0.0)	0.1	2.7
Reclassified as held for sale	(9.5)	(0.1)	(1.7)	(11.3)
Closing carrying amount	100.1	2.5	7.5	110.1
At December 31, 2022				
Cost	156.8	6.7	16.5	180.0
Accumulated depreciation and impairment	(56.8)	(4.2)	(9.0)	(69.9)
Carrying amount	100.1	2.5	7.5	110.1

The Group leases mainly plants and warehouses (lease terms between 3 and 25 years), machinery (lease terms of 5 years on average) and company cars (lease terms between 4 and 5 years).

For the lease of land and buildings, the Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. As at December 31, 2023, potential future cash outflows of €9.3 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (2022: €17.8 million).

The consolidated income statement presents the following amounts relating to leases:

in € million	2023	2022
Cost of Sales	7.5	7.2
Distribution expenses	9.4	8.8
Sales and marketing expenses	1.1	1.3
General administrative expenses	3.2	3.3
Other operating income/(expenses)	0.3	0.6
Total depreciation expense	21.5	21.2
Interest expense	4.4	4.3
Expense relating to short-term leases	13.8	14.6
Expense relating to leases of low-value assets	0.2	0.3
Expense relating to variable lease payments	3.4	3.7

The lease liabilities are detailed in note 7.17.

7.12. INVENTORIES

Inventories can be split as follows:

in € million	December 31, 2023	December 31, 2022
Raw materials	122.8	148.7
Work in progress	1.0	0.8
Finished goods	137.2	122.6
Other	6.2	5.1
Write-down on inventories	(14.4)	(12.9)
Inventories	252.8	264.3

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under 'Cost of sales' amounted to €1,327.3 million in 2023 (€1,294.7 million in 2022).

7.13. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES

The current trade and other receivables are detailed below:

in € million	December 31, 2023	December 31, 2022
Trade receivables	210.4	195.9
Less: allowance for impairment of trade receivables	(4.4)	(4.1)
Trade receivables - net	206.1	191.8
Prepayments	4.8	4.8
Other amounts receivable	58.7	32.1
Prepaid expenses and other receivables	63.5	36.8
Trade and other receivables - Current	269.5	228.6

Other amounts receivable include recoverable VAT for an amount of €55.5 million for 2023 (2022: €29.4 million). The fair value of the current receivables approximates their carrying amounts.

The aging of the trade receivables (net) at December 31 is as follows:

in € million	December 31, 2023	December 31, 2022
Not due	182.5	164.7
0 to 30 days	12.6	16.6
31 to 60 days	4.4	4.4
61 to 90 days	1.6	1.5
Over 90 days	5.0	4.5
Total	206.1	191.8

The Group does not systematically apply external credit rating.

The carrying amount of the Group's trade receivables (net) are denominated in the following currencies:

in € million	December 31, 2023	December 31, 2022
EUR	87.7	71.8
PLN	33.6	34.5
USD	25.9	29.3
GBP	29.0	26.9
RUB	14.7	16.5
Other	15.3	12.8
Total	206.1	191.8

During the year, the payment terms for the receivables have neither deteriorated nor been renegotiated that affect the overall payment terms. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security.

An impairment analysis of trade receivables is done based on expected losses, next to individual assessments, but there are no significant impairments.

Movements on the Group allowance for impairment of trade receivables are as follows:

in € million	December 31, 2023	December 31, 2022
Opening Balance	4.1	8.6
Allowance for receivable impairment	0.8	0.3
Receivables written off during the year as uncollectible	(0.3)	(0.3)
Unused amounts reversed	(0.0)	(0.1)
Foreign exchange differences	(0.2)	0.1
Reclassified as held for sale	-	(4.4)
At December 31	4.4	4.1

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The creation and the release of the allowance for impaired receivables have been included in 'Sales and marketing expense' in the income statement.

The Group has a long term, standing non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance (the "Factor"). The Agreement provides us with a maximum credit facility of up to €200.0 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to the Group.

The non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance has an interest rate based on Euribor 3 months + margin and the all-in cost for factoring, including interest and factoring fees is €6.4 million for 2023, compared to €1.9 million in 2022 driven mainly by an increase in interest rates.

In accordance with IFRS 9 Financial instruments, all non-recourse trade receivables, included in these factoring programs, are derecognized for the non-continuing involvement part.

For the non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance, at December 31, 2023 the trade receivables before factoring amounted to €178.3 million out of which €112.0 million was derecognized leading to a continuing involvement of €66.3 million. As at December 31, 2022 the trade receivables before factoring balance was €161.0 million out of which €117.7million was derecognized leading to a continuing involvement of €43.3 million.

Next to the above-mentioned Group factoring agreement a number of local non-recourse agreements are in place at local level. Bilateral factoring agreements are in place for Serenity (Italian subsidiary) with Ifitalia, Banca Sistema , BFF and Ontex Russia has agreements with AK BARS BANK PJSC and Rosbank. The all-in cost for factoring, including interest and factoring fees for these programs amounts to €3.1 million for 2023, compared to €1.3 million in 2022 also driven mainly by an increase in interest rates.

As at December 31, 2023, €155.8 million (December 31, 2022, €165.5 million) of financing was obtained through the above mentioned factoring programs, this is in addition to €4.3 million (December 31, 2022: €3.4 million) of financing which was obtained through the use of supply chain financing programs offered by our customers. Including the factoring amount in the Assets held for sale (€3.7 million), the total outstanding factoring amount at December 31, 2023, amounts to €163.8 million. The late payment risk related to the factoring has been assessed as immaterial at closing 2023 and 2022.

7.14. CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

in € million	December 31, 2023	December 31, 2022
Short-term bank deposits (no longer than 3 months)	23.5	15.4
Cash at bank and on hand	73.7	133.7
Total	97.2	149.1

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

Ontex Russia has cash that can only be used to a certain extent by other entities within the group but is accessible on demand by the subsidiary and is therefore included in cash and cash equivalents in the statement of financial position.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

in € million	December 31, 2023	December 31, 2022
AA	0.8	1.6
A	69.7	142.8
BBB	0.4	1.1
BB	0.5	1.4
No credit rating	25.8	2.2
Total	97.2	149.1

7.15. SHARE CAPITAL

The share capital and premium of €1,208.0 million is represented by 82,347,218 shares, of which 1,199,429 treasury shares (2022: 1,270,500 treasury shares). As such, 81,147,789 shares (2022: 81,076,718) are held by third parties.

The issued capital is fully paid up and consists of ordinary shares without par value.

7.16. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2023 was 81,105,045, which is the weighted average number of shares for 2023 (2022: 81,030,032 shares).

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

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

in € million	Full Year	
	2023	2022
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	26.9	(148.7)
Profit/loss attributable to equity holders of the Company	34.8	(270.3)
Diluted earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	26.9	(148.7)
Profit/loss attributable to equity holders of the Company	34.8	(270.3)
Adjusted Basic Earnings		
Profit from continuing operations attributable to equity holders of the Company	26.9	(148.7)
EBITDA adjustments	14.9	103.0
Tax correction	(3.3)	(4.4)
Adjusted Basic Earnings	38.6	(50.1)
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	38.6	(50.1)

Number of Shares	Full Year	
	2023	2022
Weighted average number of ordinary shares outstanding during the period	81,105,045	81,030,032
Dilution	2,484,081	285,935

Earnings per share (€)	Full Year	
	2023	2022
For continuing operations		
Basic earnings per share	0.33	(1.83)
Diluted earnings per share	0.32	(1.83)
Adjusted basic earnings per share	0.48	(0.62)
Adjusted diluted earnings per share	0.46	(0.62)
For continuing and discontinued operations		
Basic earnings per share	0.43	(3.34)
Diluted earnings per share	0.42	(3.34)

A weighted average number of 2,891,615 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2023 (2022: 3,377,976 options).

7.17. INTEREST-BEARING DEBTS

in € million	December 31, 2023	December 31, 2022
Non-current		
Borrowings:	575.7	791.4
<i>Senior Notes</i>	575.5	573.8
<i>Syndicated Term Loan A > 1 year</i>	0.0	217.3
<i>Other borrowings</i>	0.2	0.2
Lease and other liabilities	96.1	100.4
<i>Lease liabilities</i>	96.1	100.4
Interest-bearing debts non-current	671.8	891.7
Current		
Borrowings:	122.5	125.4
<i>Senior revolving Facility B</i>	113.1	115.0
<i>Accrued interests</i>	9.5	10.4
Lease and other liabilities	18.6	20.0
<i>Lease liabilities</i>	18.6	20.0
<i>Other financial liabilities</i>	-	(0.0)
Interest-bearing debts current	141.1	145.4
Total interest-bearing debts	812.9	1,037.1

All borrowings are denominated in € as of December 31, 2023.

During May 2023, the Group announced that it has reimbursed its €220.0 million term loan, with proceeds from its recently divested Mexican business activities. On June 1, 2023, it also reached an agreement with the bank syndicate to extend its current revolving credit facility of €250.0 million, from June 2024 to December 2025.

The maximum amount of the extended revolving credit facility is raised to €269.1 million until June 2024 and then set at €242.5 million until maturity. Initially, it carries a slightly higher interest rate than before the extension, similarly based on EURIBOR 1 month plus a margin. The margin is subject to the leverage ratio and equals 2.60% at a leverage of 4.0, which was the maximum leverage target set by Ontex for the end of 2023. At December 31, 2023, an amount of €115.0 million was utilized on the revolving credit facility, which is the same as at December 31, 2022.

Ontex's main financing consists of its €580.0 million High Yield bond ('Senior Notes'), with a coupon of 3.50% fixed rate maturing in July 2026.

The following table reconciles the movements of the financial liabilities to the cash flows arising from financing activities:

December 31, 2023	Opening carrying amount	Cash flows	Non-cash movements					Closing carrying amount	Of which held for sale
in € million			Acquisition	Scope out	Exchange differences	Reclasses	Other		
Non-current interest-bearing debts									
Borrowings	793.4	(220.0)	-	-	(0.3)	(1.9)	4.4	575.7	0.0
Lease and other liabilities	115.2	(24.8)	11.0	(1.1)	(3.2)	1.6	12.7	111.3	15.3
Current interest-bearing debts									
Borrowings	134.1	(11.1)	-	-	(0.5)	1.9	(0.9)	123.5	0.9
Lease and other liabilities	33.5	(8.0)	-	(0.9)	0.2	(1.6)	(0.1)	23.0	4.5
Total liabilities from financing activities	1,076.1	(263.9)	11.0	(2.0)	(3.8)	0.0	16.2	833.5	20.7
<i>Presented in the statement of cash flows (financing activities) as follows:</i>									
Proceeds from borrowings		121.9							
Repayment of borrowings		(385.8)							

December 31, 2022	Opening carrying amount	Cash flows	Non-cash movements					Closing carrying amount	Of which held for sale
in € million			Acquisition	Scope out	Exchange differences	Reclasses	Other		
Non-current interest-bearing debts									
Borrowings	793.1	(0.4)	-	-	(0.8)	(1.1)	2.6	793.4	2.0
Lease and other liabilities	92.1	(25.0)	44.8	-	4.3	(1.6)	0.6	115.2	14.8
Current interest-bearing debts									
Borrowings	56.4	75.9	-	-	0.7	1.1	-	134.1	8.7
Lease and other liabilities	30.6	1.0	-	-	0.2	1.6	0.0	33.5	13.5
Total liabilities from financing activities	972.2	51.5	44.8	-	4.4	0.0	3.2	1,076.1	39.0
<i>Presented in the statement of cash flows (financing activities) as follows:</i>									
Proceeds from borrowings		133.2							
Repayment of borrowings		(81.7)							

7.17.1. Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored. At year-end 2023 and 2022, all covenants were met.

No assets have been pledged in the context of the syndicated term loans. However, certain subsidiaries act as guarantors for these loans. For local borrowings, some machinery are pledged.

7.17.2. Other information

Serenity SPA has a total of €55.0 million lines of credit available, of which €25.9 million has been used through the issuance of external bank guarantees:

- €30.0 million from UniCredit
- €25.0 million from BPER

A line of credit of AUD 1.0 million has been granted to Ontex Manufacturing Pty Ltd by Commonwealth Bank Australia, of which AUD 0.3 million has been used.

For Ontex BV, a bank guarantee issued by BNL is in place for €2.5 million in favor of the Italian Custom Agency as at December 31, 2023.

7.18. EMPLOYEE BENEFIT LIABILITIES

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the statement of financial position can be analyzed as follows:

in € million	December 31, 2023	December 31, 2022
Post-employment benefits	13.8	12.5
Long-term benefits	1.1	1.1
Employee benefit liabilities	14.9	13.5
Short-term employee benefit liabilities	41.0	40.4
Net liability	55.9	54.0

The calculation of the liability is based on actuarial assumptions that have been determined on the various statement of financial position dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits

Ontex makes payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, Ontex operates a defined benefit insurance scheme in Belgium and Ontex also has an obligation to make severance payments to employees upon their retirement in France.

Ontex also operates several unfunded pension arrangements in respect of its German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

The Group operates a couple of defined contribution (DC) plans which receive fixed contributions. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions amounts to €3.3 million (see also note 7.22 below; 2022: €4.1 million).

In Belgium, the defined contribution (DC) plans are subject to a minimum guaranteed rate of return by law and are hence treated as defined benefit (DB) plans. In practice, this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2023, no liability has been recognized (2022: nil). The accumulated reserves of these plans are equal to the assets. There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk.

Reconciliation of the post-employment employee benefit liabilities

in € million	December 31, 2023	December 31, 2022
RECOGNITION OF THE OBLIGATION		
Defined benefit obligation (DBO) at end of period	(32.0)	(26.2)
Fair value of plan assets at end of period	19.6	15.2
Funded status	(12.4)	(11.1)
Net (liability)/asset in statement of financial position	(12.4)	(11.1)
Defined benefit cost		
Current service cost	(1.6)	(2.2)
Past service cost	0.1	-
Service cost recognized in Income Statement	(1.5)	(2.2)
Interest expense on DBO	(1.1)	(0.3)
Interest income on plan assets	0.6	0.2
Net interest cost	(0.5)	(0.2)
Pension expense	(2.0)	(2.4)

in € million	December 31, 2023	December 31, 2022
RECONCILIATION OF THE OBLIGATION		
Defined benefit obligation (DBO) at beginning of year	(26.2)	(33.6)
Transfer to liability held for sale	-	2.4
Other significant events (transfers)	(4.4)	(0.0)
Current service cost	(1.6)	(2.2)
Past service cost	0.1	-
Service cost	(1.5)	(2.2)
Interest expense on DBO	(1.1)	(0.3)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.1	0.1
Benefit payments from plan	0.7	0.4
Benefit payments from employer	0.6	0.5
Effect of changes in financial assumptions	(0.5)	5.4
Effect of experience adjustments	0.3	1.1
Defined benefit obligation (DBO) at end of year	(32.0)	(26.2)
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE		
Fair value of plan assets at beginning of year	15.2	14.7
Transfer to liability held for sale	-	(0.4)
Interest income	0.6	0.2
Employer contribution	1.8	1.6
Plan participants' contributions	0.1	0.1
Other significant events (transfers)	3.7	-
Benefit payments from plan	(0.7)	(0.4)
Benefit payments from employer	(0.6)	(0.5)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.1)	(0.1)
Return on plan assets (excluding interest income)	(0.1)	0.0
Fair value of plan assets at end of year	19.6	15.2

in € million	December 31, 2023	December 31, 2022
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION		
Net (liability)/asset at beginning of year	(11.1)	(18.9)
Transfer to liability held for sale	-	2.0
Other significant events (transfers)	(0.8)	-
Defined benefit cost included in the income statement	(1.5)	(2.2)
Net interest expense	(0.5)	(0.2)
Total remeasurements included in OCI	(0.4)	6.5
Employer contributions	1.8	1.6
Net (liability)/asset at end of year	(12.4)	(11.1)
Unfunded versus Funded		
Part of DBO from plans that are wholly unfunded	(12.4)	(11.1)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2024 are €2.3 million.

Significant actuarial assumptions

December 31, 2023	COUNTRY				
	Mexico	Belgium	Germany	France	Italy
Discount rate	9.90%	3.50%	3,20% / 3,50% / 3,50% pensions & jubilee and 3,10% ATZ	3.20%	3.40%
Expected Interest Income	9.90%	3.50%	3,20% / 3,50% / 3,50% pensions & jubilee and 3,10% ATZ	3.20%	3.40%
Salary increase rate (on top of inflation)	4.54%	3.50%	N/A / N/A / 2,50% ATZ	4.00%	N/A
Rate of inflation	4.00%	2.25%	2,25% / 0,00% / 2,00% only pensions	2.25%	2.50%
Mortality table	EMSSA09	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2017/2019	IPS55
Turnover table/rates	Based on company experience	Mercer turnover table	N/A / N/A / Only Jubilee: 10% of employees 60 years old and younger	New client's table, nil after age 50	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A	N/A
Weighted average durations	11.0	5.8	7.0	11.2	8.2

December 31, 2022	COUNTRY Belgium	Germany	France	Italy
Discount rate	3.55%	3,35% / 3,30% / 3,55%	3.35%	3.45%
Expected Interest Income	3.55%	3,35% / 3,30% / 3,55%	3.35%	3.45%
Salary increase rate (on top of inflation)	3.50%	0.00% / N/A / N/A	3.50%	N/A
Rate of inflation	2.25%	2,25% / 0,00% / 2,25%	2.55%	2.50%
Mortality table	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2017/2019	IPS55
Turnover table/rates	None	Only Jubilee: 10% of employees 60 years old and younger	Client's table by category	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A
Weighted average durations	12.7	11.3	11.6	10.6

There are no unusual entity-specific or plan-specific risks to which the plan exposes the entity, neither are there any significant concentrations of risk.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

	December 31, 2023				
in € million	Mexico	Belgium	Germany	France	Italy
Discount rate - 0,25bp	(0.9)	(22.6)	(6.4)	(1.9)	(1.7)
Discount rate + 0.25bp	0.9	22.1	6.2	1.8	1.6
Salary increase - 0.25bp	(0.9)	(0.1)	(5.6)	(1.8)	(1.6)
Salary increase + 0.25bp	0.9	0.1	5.6	1.9	1.6

in € million	December 31, 2022			
	Belgium	Germany	France	Italy
Discount rate - 0,25bp	(17.5)	(6.8)	(1.7)	(1.6)
Discount rate + 0.25bp	17.2	6.5	1.6	1.6
Salary increase - 0.25bp	(0.1)	(5.9)	(1.6)	(1.6)
Salary increase + 0.25bp	0.1	5.9	1.7	1.6

Post-Employment Benefits by Country

in € million	December 31, 2023				
	Mexico	Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION					
Defined benefit obligation (DBO) at end of period	(0.9)	(21.5)	(6.2)	(1.8)	(1.6)
Fair value of plan assets at end of period	-	19.6	-	-	-
Funded status	(0.9)	(1.9)	(6.2)	(1.8)	(1.6)
Net (liability)/asset in statement of financial position	(0.9)	(1.9)	(6.2)	(1.8)	(1.6)

in € million	December 31, 2022			
	Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION				
Defined benefit obligation (DBO) at end of period	(16.5)	(6.5)	(1.6)	(1.6)
Fair value of plan assets at end of period	15.2	-	-	-
Funded status	(1.3)	(6.5)	(1.6)	(1.6)
Net (liability)/asset in statement of financial position	(1.3)	(6.5)	(1.6)	(1.6)

7.19. DEFERRED TAXES AND CURRENT TAXES

7.19.1. Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

in € million	December 31, 2023		December 31, 2022	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	2.1	-	1.1	-
Property, plant and equipment	-	(45.4)	-	(45.4)
Leases	27.2	(23.0)	19.5	(14.9)
Inventories	6.1	-	2.8	-
Financial instruments	-	(0.6)	0.0	-
Employee benefits	3.2	-	3.1	-
Accrued expenses and other payables	4.3	-	3.9	-
Others	-	(0.2)	-	(0.1)
Tax losses	145.9	-	126.0	-
Tax credit	11.4	-	15.9	-
Deferred tax assets & liabilities - Gross	200.4	(69.2)	172.4	(60.3)
Net deferred tax assets not recognized	(139.3)	-	(121.2)	-
Offsetting	(49.3)	49.3	(39.0)	39.0
Deferred tax assets & liabilities - Net	11.7	(19.9)	12.1	(21.3)

Deferred tax assets are recognized on temporary differences, tax attributes carried forward and tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The tax losses carried forward mainly relate to France, Belgium and Spain. In Belgium and France, deferred tax assets have been recognized on tax losses carried forward considering the expected taxable profits in the foreseeable future.

The Group did not recognize deferred tax assets for an amount of €139.3 million (2022: €121.2 million) on the tax losses carried forward and tax incentives of tax attributes carried forward. Tax losses can in principle be carried forward indefinitely. The countries for which no deferred tax asset has been recognized are Belgium (€68.8 million), France (€39.4 million), United States (€14.6 million), Spain (€9.0 million), Poland (€4.8 million), Czech Republic (€2.6 million) and Germany (€0.2 million).

The Group did not recognize deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends within the Group.

As indicated in note 7.1.2, the Group applied the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law that is enacted or substantively enacted to implement the Pillar II legislation. The Group made an assessment of the Group's potential exposure to Pillar II income taxes using the most recent tax filings, Country-by-Country Reporting (CbCr) and financial statements for the constituent entities in the Group.

The Group's assessment, based on FY23 figures, indicates that:

- The Group is in scope of the enacted or substantively enacted legislation, given its consolidated revenues;

- in most of the jurisdictions, the Simplified Pillar II effective tax rate is above 15% and/or at least one of the other Transitional CbCR Safe Harbour tests is met (Routine Profits test and/or the Simplified De-Minimis test);
- There are only a very limited number of jurisdictions where the Transitional CbCR Safe Harbour relief does not apply. However, the Group does not expect a material Pillar II top-up tax exposure in those jurisdictions.

Further, the Group has the required procedures and controls in place to be compliant with local Pillar II requirements for financial years beginning on or after 1 January 2024.

7.19.2. Current taxes

in € million	December 31, 2023	December 31, 2022
Current tax assets	4.9	5.0
Current tax liabilities	(27.0)	(23.0)

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include an amount of €20.9 million actual corporate taxes payable (2022: €14.8 million) and €6.1 million of provision for uncertain taxes (2022: €8.2 million).

7.20. CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

in € million	December 31, 2023	December 31, 2022
Accrued expenses and other payables	20.6	22.6
Current accrued expenses and other payables	20.6	22.6
Trade payables	370.5	405.3
Employee benefit liabilities	41.0	40.4
Total current liabilities	432.1	468.3

The trade payables contains an accrual of €5 million regarding MedTech payback measure of the Italian Healthcare Law which was voted in 2015. Up till now, there is still a significant uncertainty on the scope and practical implementation of this law. During 2023, assessments were received which took into account incorrect revenue data and these were therefore appealed by Ontex. In November 2023, the decision on the constitutionality of the Italian MedTech payback measure has been transmitted to the Constitutional Court and pronouncement is expected at the earliest at the end of 2024. Meanwhile the administrative court ordered the suspension of the payment orders issued by the regions until the ruling of the Constitutional Court.

7.21. PROVISIONS

in € million	Legal claims	Restructuring	Other	Total
Opening Balance	6.8	1.1	0.1	8.0
Additional provisions	-	9.6	-	9.6
Unused amounts reversed	0.0	(1.2)	(0.0)	(1.1)
Used during the year	(0.2)	(6.1)	-	(6.4)
As at December 31, 2023	6.6	3.4	0.1	10.0
<i>Of which current</i>	<i>6.6</i>	<i>3.4</i>	<i>0.1</i>	<i>10.0</i>

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees. The restructuring provision in 2023 is related to smaller restructuring projects in various countries and is part of the continuous search for organizational optimization.

On September 2, 2014, Ontex received a notification that the Spanish Competition Authorities (CNMC) opened infringement proceedings against 15 companies in the sector (including three subsidiaries of the Company: Ontex Es Holdco, S.A., Ontex Peninsular, S.A.U. and Ontex ID, S.A.U.) with respect to alleged conduct of fixing prices and other commercial conditions in the Spanish market for heavy adult incontinence products. On May 26, 2016, following the investigation, the CNMC issued its decision. In its decision, the CNMC has found eight companies, including Ontex' Spanish subsidiaries guilty of being part of a cartel. For its involvement from 1999 to 2014, the CNMC issued an administrative fine of €5.2 million to Ontex. All companies, including Ontex, filed appeals with the National Court, and, following the rejection of the appeals by the National Court, with the Spanish Supreme Court. On July 6, 2023, the Supreme Court has rejected Ontex's appeal, rendering the CNMC decision and related administrative fine final. As per December 31, 2016, a provision amounting to €5.2 million has been accounted for. As at December 31, 2023, Ontex had not yet received a formal request for payment of the administrative fine. For that reason, the provision remains unchanged as per December 31, 2023.

7.22. EMPLOYEE BENEFIT EXPENSES

in € million	Full Year	
	2023	2022
Wages and salaries	(211.7)	(193.7)
Social security costs	(49.3)	(44.8)
Defined benefit plans - Service cost	(1.5)	(2.2)
Defined contribution costs	(3.3)	(4.1)
Other employee benefit expenses	(46.6)	(40.8)
Total employee benefit expenses	(312.4)	(285.6)

The FTEs listed in the table below only contains the employees part of the continuing operations and therefore deviates significantly from the number of employees included in section 1.2.

In Full-Time Equivalents	2023	2022
Average number of total employees	5,470	5,351
Of which:		
- workers	3,458	3,323
- employees	1,954	1,966
- management	58	62

7.23. OTHER OPERATING INCOME/(EXPENSES), NET

in € million	Full Year	
	2023	2022
Gain on sale of assets	0.3	-
Foreign exchange differences on operating activities	(4.1)	8.5
Losses on sale of assets	(0.3)	(0.6)
Other income/(expenses)	(2.5)	(2.8)
Total other operating income/(expense), net	(6.6)	5.1

“Other income/(expenses)” consists mainly of depreciation expenses on idle equipment and machinery and pension expenses.

7.24. EBITDA ADJUSTMENTS

in € million	Full Year	
	2023	2022
Business restructuring	(10.3)	(10.8)
Acquisition and disposal of businesses	(0.0)	(0.3)
Income and expenses related to changes to Group structure	(10.3)	(11.2)
Impairment of assets	(4.4)	(91.0)
Litigation and legal claims	(0.2)	(0.2)
Other	0.0	(0.6)
Income and expenses related to impairments and major litigations	(4.6)	(91.8)
Total EBITDA adjustments	(14.9)	(103.0)

Items classified under the heading EBITDA adjustments are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

These items are presented as follows in the consolidated income statement as follows:

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

7.24.1. Income and expenses related to changes to Group structure

Restructuring

In 2021, a restructuring project was initiated in the context of the redistribution/re-allocation of production capabilities and the strategic review of the geographical footprint of the Group. As such, the Company decided to downsize some production capacity which has been announced to the relevant stakeholders and incurred costs for an amount of €5.4 million in 2022.

The restructuring expenses in 2023 are related to smaller restructuring projects in various countries and is part of the continuous search for organizational optimization.

7.24.2. Income and expenses related to impairments and major litigations

Impairment of assets

In 2023, the impairment losses mainly include the impairment loss on a leased building which is no longer used by the Group.

In 2022, the impairment losses mainly include the impairment of goodwill related to the Russian business (€84.1 million) and also some impairment losses on idle machinery.

Litigation and claims

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

7.25. EXPENSES BY NATURE

Expenses by nature represent an alternative disclosure for amounts included in the consolidated income statement. There are classified under 'Cost of sales', 'Distribution expenses', 'Sales and marketing expenses', 'General administrative expenses' and 'Other operating income / expense (net)' in respect of the years ended December 31:

in € million	Note	Full Year	
		2023	2022
Changes in inventory work in progress and finished goods		3.9	2.8
Raw materials and consumables purchased		(1,031.4)	(1,048.1)
Employee benefit expenses	22	(312.4)	(285.6)
Depreciation and amortization	9, 10, 11	(70.7)	(70.4)
Rendered services		(256.8)	(223.9)
Lease expenses	11	(17.4)	(18.5)
Other income / (expenses)	23	(6.6)	5.1
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income / (expense)		(1,691.5)	(1,638.6)

7.26. NET FINANCE COST

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

in € million	Full Year	
	2023	2022
Interest income on current assets	2.8	0.8
Gains on derivatives	4.2	-
Finance income	7.0	0.8
Interest expense on group borrowings	(31.9)	(30.6)
Amortization of borrowing expenses	(4.8)	(2.7)
Interest expense on other borrowings and other liabilities	(14.9)	(8.4)
Interest expense	(51.7)	(41.7)
Banking cost	(1.6)	(1.1)
Factor fee	(1.8)	(1.1)
Losses on derivatives and cost of hedging	(2.1)	(3.2)
Other	(0.5)	(2.3)
Finance cost	(57.6)	(49.3)
Finance income as per income statement	7.0	0.8
Finance expense as per income statement	(57.6)	(49.3)
Net exchange differences relating to financing activities	5.5	(2.4)
Net finance cost as per income statement	(45.1)	(50.9)

The interest expense on other borrowings and other liabilities includes also the interest expense on lease liabilities as disclosed in note 7.11.

7.27. INCOME TAX EXPENSE

The income tax (charged)/credited to the income statement during the year is as follows:

in € million	Full Year	
	2023	2022
Current tax (expense) / income	(17.2)	(16.3)
Deferred tax (expense) / income	1.0	(12.1)
Total income tax expense	(16.3)	(28.4)

The income tax expense can be reconciled as follows:

in € million	Full Year	
	2023	2022
Profit/(loss) before income tax	43.2	(120.3)
Income tax expense calculated at domestic tax rates	(8.3)	27.1
Disallowed expenses	(2.7)	(2.6)
Tax-exempt income	1.6	1.0
Impairment of goodwill	-	(19.3)
Write-off of previously recognized deferred tax assets on losses	(0.6)	(12.0)
Current year tax losses not recognized as deferred tax asset	(10.9)	(23.4)
Recognition of previously unrecognized deferred tax assets on losses	4.3	1.6
Adjustments in respect of prior year	0.6	(1.5)
Difference in statutory tax rates	(0.6)	-
Other	0.3	0.8
Total income tax expense	(16.3)	(28.4)

7.28. SHARE-BASED PAYMENTS

Since September 2014 the Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options') and restricted stock units (further 'RSU's'). In 2019, the long-term incentive plan changed in a combination of RSU's, Options and Performance Stock Units (further 'PSU's'), each representing one third of the total long-term incentive grant value. The Options, RSU's and PSU's are accounted for as equity-settled share-based payments. The Options, RSU's and PSU's can only vest and Options giving the right to receive shares of the Company (further 'Shares') or any other rights to acquire Shares can only be exercisable as from three years after the grant. The RSU's, PSU's and Options will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions, except for PSU's. For the vesting of the PSU's, the Board has set targets for the next 3-year performance period in terms of specific targets (both finance and non-finance KPI's). The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

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

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

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

On or about June 15, 2016, a total of 322,294 stock options and 75,227 RSU's were granted, 90,042 options and 75,227 RSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options are exercisable between June 2019 and June 2024.

On or about May 10, 2017 a total of 299,914 stock options and 69,023 RSU's were granted, 79,684 options and 69,023 RSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options are exercisable between June 2020 and June 2025.

On or about June 15, 2018, a total of 471,064 stock options and 93,576 RSU's were granted, 161,258 options and 93,576 RSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options are exercisable between June 2021 and June 2026.

On or about June 13, 2019, a total of 393,403 stock options, 124,420 RSU's and 124,420 PSU's were granted. 175,448 options, 124,420 RSU's and 124,420 PSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options are exercisable between June 2022 and June 2027.

On or about May 28, 2020, the Group granted an LTIP plan consisting of 374,622 stock options, 119,244 RSU's and 119,244 PSU's. 187,119 options, 119,244 RSU's and 119,244 PSU's have forfeited, expired or have been exercised as of December 31, 2023. The stock options are exercisable between June 2023 and June 2028.

On or about May 27, 2021, the Group granted an LTIP plan consisting of 432,438 PSU's. 160,949 PSU's have been forfeited as of December 31, 2023.

On or about March 10, 2022, the Group granted an LTIP plan consisting of 611,477 PSU's. 255,007 PSU's have been forfeited as of December 31, 2023.

During the period, the Group granted a new LTIP plan consisting of 5,206,379 PSU's. 887,283 PSU's have been forfeited as of December 31, 2023.

The following share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Weighted average Fair value (€)	# stock options/ RSU's/PSU's December 31, 2023	# stock options/ RSU's/PSU's December 31, 2022
LTIP 2016					
Options	2024	28.44	6.64	232,252	234,526
RSU's	2019	N/A	26.48	-	-
LTIP 2017					
Options	2025	33.11	7.62	220,230	223,385
RSU's	2020	N/A	30.45	-	-
LTIP 2018					
Options	2026	23.56	4.68	309,806	315,849
RSU's	2021	N/A	21.35	-	-
LTIP 2019					
Options	2027	14.0	3.99	217,955	227,355
RSU's	2022	N/A	12.05	-	-
PSU's	2022	N/A	12.05	-	-
LTIP 2020					
Options	2028	13.9	3.13	187,503	194,898
RSU's	2023	N/A	11.86	-	52,101
PSU's	2023	N/A	11.86	-	61,748
LTIP 2021					
PSU's	2024	N/A	10.37	271,489	312,305
LTIP 2022					
PSU's	2025	N/A	7.30	356,470	485,804
LTIP 2023					
PSU's - Plan A	2026	N/A	2.49	2,942,949	-
PSU's - Plan B	2026	N/A	2.47	1,276,735	-
PSU's - Plan C	2026	N/A	2.34	99,412	-
Total outstanding stock options*				1,167,746	1,318,087
Total outstanding RSU's				-	52,101
Total outstanding PSU's				4,947,055	859,857

*The total outstanding stock options of 1,318,087 for 2022 includes the amounts for LTIP 2015 at the end of December 31, 2022 (122,074) as these were still outstanding at that moment in time, but are no longer included in the overview as expired at December 31, 2023

The following reconciles the options and RSU's outstanding at the beginning and end of the year:

	Average exercise price per stock option (€) ¹	Stock options	RSU's	PSU's
As at January 1, 2022	22.33	1,656,616	131,979	553,422
Granted	-	-	-	611,477
Forfeited	18.73	(338,529)	(16,738)	(305,042)
Exercised	-	-	(63,140)	-
Expired	-	-	-	-
As at December 31, 2022	23.25	1,318,087	52,101	859,857
Granted	-	-	-	5,206,379
Forfeited	19.31	(28,267)	(1,810)	(1,057,433)
Exercised	-	-	(50,291)	(20,780)
Expired	26.60	(122,074)	-	(40,968)
As at December 31, 2023	23.00	1,167,746	-	4,947,055
<i>of which vested and exercisable</i>		<i>1,167,746</i>	<i>-</i>	<i>-</i>

¹ The average exercise price mentioned in the table above relates only to the stock options, as the RSU's and PSU's do not have an exercise price

The fair value of the PSU's in 2023 has been determined based on the Monte Carlo model. The expected volatility used in the model is based on the implied volatility of the Company.

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

	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023*
Exercise Price (€)	28.44	33.11	23.56	14.00	13.90	-	-	-
Expected volatility of the shares (%)	26.56%	27.12%	25.63%	37.98%	31.90%	43.12%	39.01%	34.14%
Expected dividends yield (%)	1.98%	2.31%	2.70%	3.82%	4.00%	3.00%	4.10%	4.00%
Risk free interest rate (%)	0.37%	0.60%	0.69%	0.10%	-0.18%	0.00%	0.00%	2.61%

*As indicated above, LTIP 2023 consisted of three different plans. As the parameters were very similar, the average of the three plans has been included in this overview

The fair value of the RSU's and PSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above.

The total cost incurred regarding the existing share-based payment plans amounted to €3.9 million during 2023 (2022: €1.1 million) and was included within employee benefit expenses. Social charges related to the LTIP are accrued for over the vesting period.

7.29. CONTINGENCIES

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

In October 2021, COFECE, the Mexican antitrust authority, announced its decision following its investigation into certain legacy practices in the personal hygiene industry in Mexico. In this decision, COFECE confirmed that Grupo PI Mabe, S.A. de C.V. ("Mabe") and certain individuals had committed antitrust violations in periods prior to the acquisition of Mabe by Ontex. Mabe appealed such decision on grounds of unconstitutionality of the fines imposed. Under the purchase agreement for its acquisition of Mabe in 2016, Ontex received a full indemnity for all resulting fines and legal fees from the selling shareholders of Mabe. In May 2023, Ontex completed the divestiture of Mabe to Softys, S.A.. As part of such divestiture, Ontex granted a back-to-back indemnity to Softys. Based on the back-to-back indemnity arrangements that are in place, the Group does not expect these proceedings to result in a net financial cost to it.

State Sales Tax (ICMS), the State of Goiás issued a decree determining Falcon Distribuição Armazenamento e Transportes S/A (Falcon) to pay a contribution to the Social Protection Fund of the State of Goiás (PROTEGE). Falcon received a tax assessment, but filed a lawsuit against the Treasury office of the State of Goiás. During 2023, a favorable decision at the court of first instance was received and the Group is currently awaiting whether the decision will be appealed. The Group believes that there are good arguments to defend the case and as such the Group does not believe a loss is probable.

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

7.30. COMMITMENTS

7.30.1. Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2023 of €43.1million (2022: €21.6 million).

7.30.2. Bank guarantees

As indicated in note 7.17 'Interest-bearing debts', no assets are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of €25.9 million in order to participate in public tenders as at December 31, 2023 (2022: €19.5 million).

7.31. RELATED PARTY TRANSACTIONS

As part of our business, Ontex has entered into several transactions with related parties.

7.31.1. Consolidated companies

A list of subsidiaries is given in note 7.7 'List of consolidated companies'.

7.31.2. Relations with the shareholders

There are no transactions with shareholders per December 31, 2023 (nor in 2022).

7.31.3. Relations with non-executive members of the Board of Directors

in € million	Full Year	
	2023	2022
Remuneration	1.2	1.6

7.31.4. Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management for the Group are all the members of Management Committee.

7.31.5. Key management compensation

Remuneration of the CEO in € million	Full Year	
	2023	2022
Fixed and variable remuneration	1.8	2.0

The above remuneration includes post-employee benefits of €0.2 million, the remainder concerns short-term employee benefits. Next to the above remuneration, the CEO was awarded 1,005,668 performance stock units in 2023, as explained below. This led to a share based payment cost of €0.5 million in 2023.

Remuneration of the Executive Team (excluding the CEO)		
in € million	Full Year	
	2023	2022
Fixed remuneration	3.1	3.0
Variable remuneration	0.7	1.3
Other remuneration	0.5	0.6
Total	4.2	4.9

The fixed and variable remuneration concerns short-term employee benefits, while the other remuneration mainly relates to post-employment benefit plans. Next to the above items, the executive team was awarded 1,937,281 performance stock units in 2023. The total share based payment cost (including older plans) amounted to €1.2 million in 2023. For a more detailed breakdown, refer to the Remuneration Report.

The Company implemented Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options, restricted stock units and performance stock units (see note 7.28).

The number of stock options, restricted stock units and performance stock units granted to the CEO and the Executive Management Team is summarized below:

For the year ended December 31, 2023	Number of RSU's	Number of PSU's	Number of Stock Options
LTIP 2018			
CEO	14,921	-	75,114
Executive Team (excluding CEO)	47,478	-	239,016
LTIP 2019			
CEO	18,414	18,414	64,610
Executive Team (excluding CEO)	53,376	53,376	171,928
LTIP 2020			
CEO	19,891	19,891	88,333
Executive Team (excluding CEO)	56,265	56,265	249,870
LTIP 2021			
CEO	-	94,954	-
Executive Team (excluding CEO)	-	229,572	-
LTIP 2022			
CEO	-	149,891	-
Executive Team (excluding CEO)	-	213,070	-
LTIP 2023			
CEO	-	1,005,668	-
Executive Team (excluding CEO)	-	1,937,281	-

7.32. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the end of the reporting period.

7.33. AUDIT FEES

in € thousands	Full Year	
	2023	2022
Audit Fees	1,046.9	1,464.2
Additional Services rendered by the auditor's mandate:		
Audit related fees	302.6	192.5
Tax advisory & compliance services	41.2	45.2
Total	1,390.7	1,701.9

The fees in the above table concern the audit fees for the full Group and not only the continuing operations.

8. SUMMARY STATUTORY FINANCIAL STATEMENTS

8.1. STATUTORY BALANCE SHEET AFTER APPROPRIATION

in € million	2023	2022
ASSETS	3,018.7	3,031.3
FIXED ASSETS	2,583.4	2,699.5
Formation expenses	-	-
Intangible assets	14.2	14.3
Tangible assets	0.4	0.6
Financial fixed assets	2,568.8	2,684.6
Participating interests	1,687.1	1,687.1
Amounts receivable	881.6	997.4
Other financial fixed assets	0.2	0.1
CURRENT ASSETS	435.3	331.8
Amounts receivable within one year	349.7	183.8
Treasury shares	9.1	7.9
Cash at bank and in hand	53.0	110.0
Deferred charges and accrued income	23.4	30.2
in € million	2023	2022
EQUITY AND LIABILITIES	3,018.7	3,031.3
EQUITY	1,661.7	1,659.0
Capital	823.6	823.6
Share premium	412.7	412.7
Reserves	266.9	265.6
Accumulated profits/(losses)	158.5	157.2
PROVISIONS AND DEFERRED TAXES	8.5	6.1
AMOUNTS PAYABLE	1,348.5	1,366.2
Amounts payable after more than one year	580.0	800.0
Financial debt	580.0	800.0
Amounts payable within one year	758.9	555.1
Financial debt	293.3	307.1
Trade debts	7.6	14.9
Taxes, remunerations and social security	4.8	3.6
Other amounts payable	453.2	229.5
Accruals and deferred income	9.5	11.1

8.2. STATUTORY INCOME STATEMENT

in € million	2023	2022
Operating income	56.2	24.6
Operating charges	(49.6)	(61.9)
Operating gain / (loss)	6.6	(37.3)
Financial result	(0.8)	(205.7)
Profit/(loss) for the period before taxes	5.8	(243.0)
Income taxes	(3.1)	(2.0)
Profit/(loss) for the period	2.7	(245.0)

8.3. EXTRACT FROM ONTEX GROUP NV SEPARATE (NON-CONSOLIDATED) FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH BELGIAN GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Ontex Group NV and is included as required by article 3:17 of the Belgian Company Code. The separate financial statements, together with the annual report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Ontex Group NV, Korte Keppestraat 21, 9320 Aalst (Erembodegem).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ontex Group NV prepared in accordance with Belgian GAAP for the year ended December 31, 2023 (full financial year) give a true and fair view of the financial position and results of Ontex Group NV in accordance with the legal and regulatory dispositions applicable in Belgium.

Consolidated Financial Statements

FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022 AND 2021

STATEMENT OF THE BOARD OF DIRECTORS

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

- the consolidated financial statements, established in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, give a true and fair view of the assets, financial position and results of Ontex Group NV and of the entities included in the consolidation;
- the annual review presents a fair overview of the development and the results of the business and the position of Ontex Group NV and of the entities included in the consolidation, as well as a description of the principal risks and uncertainties facing them pursuant Article 12, paragraph 2 of the Royal Decree of November 14, 2007

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

Due to rounding, numbers presented throughout these consolidated financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INDEPENDENT AUDITORS' REPORT



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

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Ontex Group NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated 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 Group's consolidated accounts for 9 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 2,694.5 million and a loss for the year of EUR 270.3 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements 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 consolidated 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 consolidated 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 consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated 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

In 2022 Ontex Group 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 Note 7.4.1, and 7.17 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 Group 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 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 Group 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 disclosures (Note 7.3, Note 7.4.1, Note 7.5.8 and Note 7.17) 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) Disposal Group held for sale and discontinued operations

Description of the key audit matter

Following its strategic review announced at the end of 2021 and formalized beginning of 2022, Ontex Group announced it would pursue divestment opportunities for the activities located in “Emerging Markets”. Ontex entered into a binding agreement in July 2022 to sell its Mexican activities, with closing expected in the second quarter of 2023. Ontex is making progress in the divestment of its remaining Emerging Markets businesses, as discussions with potential acquirers continue. Based on these considerations, management determined the criteria of IFRS 5 were met and the activities should be presented as discontinued operations on 31 December 2022.

In accordance with IFRS 5 the group reclassified all assets and all liabilities related to these activities as Assets classified as held for sale and Liabilities related to assets classified as held for sale which amount to respectively EUR 661,7 million and EUR 249,6 million per 31 December 2022. In the consolidated income statement, the loss for the period of the activities located in Emerging Markets was presented in one line as “Loss for the period from discontinued operations” and amounts to EUR 121,6 million.

We consider this matter to be of most significance because of the size of the operations that are expected to be sold, the complexity of the planned transactions and judgements made by management in the valuation of the related assets and liabilities at the lower of carrying amount and fair value less costs to sell.

The assets classified as held for sale and the related liabilities, the key lines of the results and cash flows related to discontinued operations are detailed in noted 7.8 of the financial statements.

How our audit addressed the key audit matter

We read minutes of the Board of Directors and agreements or letters of intent with (potential) buyers of the activities held for sale. We discussed with management the divestment process and agreements reached with (potential) buyers to evaluate the appropriateness of the accounting treatment, valuation, and disclosure in line with IFRS 5.

We performed procedures to verify completeness and accuracy of the assets, liabilities, results and cash flows presented as discontinued operations, including measurement in accordance with IFRS 5. Our procedures include but are not restricted to:

- Reconciling the reclassified assets, liabilities and results to the group reporting forms of the activities that are held for sale;
- Validating assumptions taken on carved out assets, liabilities and net results of legal companies active in both continuing and discontinuing activities at Ontex Group based on audit evidence obtained;
- Reviewing and challenging management's preliminary estimate of the disposal loss;
- Evaluating the adequacy of the disclosure (Note 7.4.9 and 7.8) of the assets held for sale and discontinued operations in the consolidated accounts;
- Reviewing the restatement of the 2021 consolidated income statement following the classification of the Emerging Markets as Discontinued Operations.

Our results

We agree with management's position that the IFRS 5 criteria were met as of 31 December 2022. We found the methodologies and the assumptions applied in respect of the reclassified assets, liabilities and results of the discontinued operations and the preliminary estimate of the disposal loss to be in line with our expectations and the agreements and negotiations with (potential) buyers. We consider the disclosure on the discontinued operations as appropriate.

(3) Impairment of goodwill

Description of the key audit matter

Ontex carries a significant value of goodwill on the balance sheet amounting to EUR 797,9 million at 31 December 2022 and recognised an impairment loss of EUR 84,1 million during 2022 on the goodwill of the CGU Russia as detailed in disclosure 7.9. Under the International Financial Reporting Standards as endorsed by the EU ("IFRS's"), the Company is required to test the amount of goodwill for impairment at least annually.

We consider this matter to be of most significance because of the complexity of the assessment process and significant judgments in respect of assumptions about the future results of the business and the discount rates applied to future cash flow forecasts. The most important assumptions relate to the discount rate, growth rates of revenue and operating margin.

How our audit addressed the key audit matter

We challenged whether the goodwill impairment test was performed at the lowest CGU level at which the goodwill is monitored. We challenged the cash flow projections used in the impairment tests and the process through which they were prepared. We found that the projected cash flows for 2023 were consistent 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. For the cash flows after 2023 we critically assessed and challenged the assumptions related to the long-term growth rates, by comparing them to industry forecasts and historical growth rates. We compared the weighted average cost of capital ("WACC") to the cost of capital and debt of the Group and comparable organisations, as well as considering territory specific factors. We tested the calculation method used and the accuracy thereof. We compared operating margin, working capital- and CAPEX percentage with past actuals. We challenged the adequacy of management's sensitivity analysis of the headroom. For all CGUs we calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management. We included valuation specialists in our team to assist us with these procedures. We tested the calculation of the impairment recognised on the Russia CGU and assessed the allocation of the impairment charge to goodwill of this CGU. We also evaluated the adequacy of the disclosures (Note 7.9 and Note 7.4.4) in the financial statements.

Our results

From our sensitivity analysis, we found the likelihood of changes resulting in additional impairment losses to be unlikely.

(4) Valuation of deferred taxes and valuation allowance on deferred tax assets related to tax losses carried forward

Description of the key audit matter

Ontex has recognised a deferred tax asset and a deferred tax liability of respectively EUR 12.1 million and EUR 21.3 million at 31 December 2022. At the same time, a deferred tax asset position of EUR 121.2 million was not recognised, as disclosed in Note 7.19.1. In 2022 Ontex wrote-off EUR 12.0 million of deferred tax assets on previously recognised tax losses and EUR 23.4 million deferred tax asset positions on tax losses of 2022 were not recognised as disclosed in Note 7.27.

The valuation of the deferred tax positions at Ontex involved significant judgement, more specifically in the determination of the recognition of deferred tax assets related to tax losses carried forward. The estimation of the future taxable basis is highly judgemental as well as the assessment of the impact of tax laws and regulations, tax planning action and strategies, rulings and transfer pricing. Because of all the aforementioned reasons, we found this key audit matter to be of most significance for our audit.

How our audit addressed the key audit matter

We challenged the assumptions made to assess the recoverability of deferred tax assets related to tax losses carried forward and the timing of the reversal of deferred tax positions. During our procedures, we used amongst others budgets, forecasts and tax laws and in addition we assessed the historical accuracy of management's assumptions. An important management judgement was the period over which taxable profits can be reliably estimated and consequently, no deferred tax assets are recognised for tax losses used in any period beyond. We verified that the deferred tax position was calculated at the enacted tax rate for the year in which the deferred tax position is expected to reverse.

We also assessed the adequacy and completeness of the Company's disclosure included in Note 7.4.2, 7.19.1 and 7.27 in respect of deferred taxes.

Our results

We found management's judgements in respect of the Group's deferred tax positions to be consistent and in line with our expectations.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 audit committee, we determine those matters that were of most significance in the audit of the consolidated 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 on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

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 on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts, 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 required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts. The Company has prepared the non-financial information, based on the Global Reporting Initiative (GRI) standards and with reference to the Sustainable Development Goals (SDG). However, in accordance with article 3:80, §1, 5° 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 (GRI) standards and with reference to the Sustainable Development Goals (SDG) as disclosed in the directors' report on the consolidated accounts.

Statement related to independence

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

European Uniform Electronic Format (ESEF)

We have also verified, in accordance with the draft standard on the verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter “ESEF”), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: “Delegated Regulation”).

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter “Digital consolidated financial statements”) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements complies in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work we have performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Ontex Group NV per 31 December 2022 comply in all material respects with the ESEF requirements under the Delegated Regulation.

Other statements

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

1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

The consolidated financial statements of Ontex Group NV for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on March 16, 2023.

1.2. BUSINESS ACTIVITIES

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 approximately 9,000 passionate people all over the world, Ontex has a presence in 21 countries, with its headquarters in Aalst, Belgium.

1.3. HISTORY OF THE GROUP

Ontex was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into its current core product categories and grew the business internationally both organically and through acquisitions.

After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, Ontex was listed on Euronext Brussels in 1998. Following the listing, Ontex experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

Ontex was acquired by funds advised by Candover in 2003 and subsequently de-listed from Euronext Brussels. Ontex acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, Ontex acquired iD Medica, which sells incontinence products in Germany.

In 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, Ontex opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult incontinence market in France. In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan.

In June 2014, Ontex Group NV successfully listed its shares on the Euronext Brussels exchange and trades under the ticker 'ONTEX'.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarcas (renamed to "Ontex Brazil").

In July 2017 Ontex opened its new production plant in Ethiopia for the manufacturing of baby diapers that are specifically meeting the needs of African families.

In February 2019, Ontex opened a new production plant in Radomsko, Poland to support its Central European business.

In July 2020, Ontex acquired the US feminine hygiene assets from Albaad Massuot Yitzhak Ltd. in Rockingham County to further develop the North American business.

In December 2021, Ontex announced its reviewed strategy to focus on its partner and healthcare brands business, which is concentrated in Europe and North America, and thereby is pursuing alternative strategic solutions for its mainly own brand focused businesses in the emerging markets of Central and South America, as well as the Middle East and Africa. This strategy was formalized and reflected in the Company's financial statements beginning of 2022.

In July 2022, Ontex entered into a binding agreement to sell its Mexican and related export activities to Softys S.A., marking a milestone in the transformation of Ontex. The closing is foreseen early Q2 2023, subject to the customary conditions, including the applicable merger clearance approvals.

1.4. LEGAL STATUS

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

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

ASSETS in € million	Note	December 31, 2022	December 31, 2021
Non-current Assets			
Goodwill	9	797.9	1,039.9
Intangible assets	9	32.7	45.8
Property, plant and equipment	10	420.1	573.4
Right-of-use assets	11	110.1	102.0
Deferred tax assets	19	12.1	19.7
Non-current receivables		0.3	3.5
		1,373.3	1,784.4
Current Assets			
Inventories	12	264.3	358.7
Trade receivables	13	191.8	269.8
Prepaid expenses and other receivables	13	36.8	69.2
Current tax assets	19	5.0	15.0
Derivative financial assets	5.1	12.1	5.3
Other financial assets		0.4	0.3
Cash and cash equivalents	14	149.1	246.7
Assets classified as held for sale	8	661.7	-
		1,321.3	965.1
TOTAL ASSETS		2,694.5	2,749.4

EQUITY AND LIABILITIES in € million	Note	December 31, 2022	December 31, 2021
Equity attributable to owners of the company			
Share capital & premium	15	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	18	13.5	22.0
Interest-bearing debts	17	891.7	885.2
Deferred tax liabilities	19	21.3	22.5
Other payables		0.4	0.2
		926.9	929.9
Current liabilities			
Interest-bearing debts	17	145.4	87.0
Derivative financial liabilities	5.1	15.0	4.1
Trade payables	20	405.3	532.6
Accrued expenses and other payables	20	22.6	39.0
Employee benefit liabilities	20	40.4	46.2
Current tax liabilities	19	23.0	31.8
Provisions	21	8.0	32.6
Liabilities related to assets classified as held for sale	8	249.6	-
		909.2	773.2
TOTAL LIABILITIES		1,836.1	1,703.2
TOTAL EQUITY AND LIABILITIES		2,694.5	2,749.4

The accompanying notes are an integral part of the audited consolidated financial statements.

3. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31

in € million	Note	Full Year	
		2022	2021*
Revenue	6	1,672.2	1,408.7
Cost of sales	25	(1,294.7)	(1,007.0)
Gross Profit		377.5	401.7
Distribution expenses	25	(191.3)	(153.4)
Sales and marketing expenses	25	(82.1)	(83.1)
General administrative expenses	25	(75.6)	(67.6)
Other operating income/(expenses), net	23-25	5.1	(7.0)
Income and expenses related to changes to Group structure	24	(11.2)	(34.2)
Income and expenses related to impairments and major litigations	24	(91.8)	(25.5)
Operating profit/(loss)		(69.4)	30.9
Finance income	26	0.8	0.6
Finance costs	26	(49.3)	(39.6)
Net exchange differences relating to financing activities	26	(2.4)	(2.5)
Net finance cost		(50.9)	(41.5)
Profit/(loss) before income tax		(120.3)	(10.6)
Income tax expense	27	(28.4)	(8.9)
Profit/(loss) for the period from continuing operations		(148.7)	(19.5)
Profit/(loss) for the period from discontinued operations	8	(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)
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.

Earnings per share:

in €	Note	Full Year	
		2022	2021
For continuing operations			
Basic earnings per share	16	(1.83)	(0.24)
Diluted earnings per share	16	(1.83)	(0.24)
For continuing and discontinued operations			
Basic earnings per share	16	(3.34)	(0.76)
Diluted earnings per share	16	(3.34)	(0.76)
Weighted average number of ordinary shares outstanding during the period		81,030,032	80,950,106

The accompanying notes are an integral part of the audited consolidated financial statements.

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31

in € million	Full Year	
	2022	2021
Profit/(loss) for the period	(270.3)	(61.9)
Other comprehensive income/(loss) for the period, after tax:		
Remeasurements of defined benefit plans	5.7	4.6
Deferred tax on items that will not be reclassified subsequently to income statement	(1.6)	(1.2)
Items that will not be reclassified subsequently to income statement, net of tax	4.2	3.4
Items that will be reclassified subsequently to income statement, net of tax		
Exchange differences on translating foreign operations	31.3	0.4
Fair value remeasurements - Cash flow hedge	(3.0)	6.9
Deferred tax on items that will be reclassified subsequently to income statement	0.9	(1.8)
Items that will be reclassified subsequently to income statement, net of tax	29.1	5.5
Other comprehensive income/(loss) for the period, net of tax	33.3	8.9
Total comprehensive income/(loss) for the period	(237.0)	(53.0)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(237.0)	(53.0)
Total comprehensive income/(loss) for the period	(237.0)	(53.0)

The accompanying notes are an integral part of the audited consolidated financial statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31

in € million	Attributable to equity holders of the Company						Total Equity
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	
Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(333.1)	207.8	1,046.3
Restatement Opening Balance (Hyperinflation non-monetary adjustments)	-	-	-	-	-	17.0	17.0
Restated Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(333.1)	224.8	1,063.3
Hyperinflation non-monetary adjustments	-	-	-	-	-	30.8	30.8
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	1.0	1.0
Settlement of share-based payments	-	-	-	1.7	-	(1.7)	-
Treasury Shares	-	-	-	0.4	-	-	0.4
Total transactions with owners	-	-	-	2.1	-	(0.7)	1.4
Comprehensive income:							
Profit/(loss) for the period	-	-	-	-	-	(270.3)	(270.3)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	31.3	-	31.3
Remeasurements of defined benefit pension plans	-	-	-	-	-	4.2	4.2
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	(2.1)	(2.1)
Total other comprehensive income/(loss)	-	-	-	-	31.3	2.0	33.3
Balance at December 31, 2022	82,347,218	795.2	412.8	(34.2)	(301.9)	(13.4)	858.4

in € million	Attributable to equity holders of the Company						Total Equity
	Number of shares	Share capital	Share Premium	Treasury shares	Cumulative translation reserves	Retained earnings and other reserves	
Balance at December 31, 2020	82,347,218	795.2	412.8	(38.8)	(333.5)	262.7	1,098.4
Transactions with owners at the level of Ontex Group NV:							
Share-based payments	-	-	-	-	-	1.2	1.2
Settlement of share-based payments	-	-	-	2.8	-	(2.8)	0.0
Treasury Shares	-	-	-	(0.3)	-	-	(0.3)
Total transactions with owners	-	-	-	2.4	-	(1.5)	0.9
Comprehensive income:							
Profit/(loss) for the period	-	-	-	-	-	(61.9)	(61.9)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	0.4	-	0.4
Remeasurements of defined benefit pension plans	-	-	-	-	-	3.4	3.4
Fair value remeasurements - Cash flow hedge	-	-	-	-	-	5.1	5.1
Total other comprehensive income/(loss)	-	-	-	-	0.4	8.5	8.9
Balance at December 31, 2021	82,347,218	795.2	412.8	(36.3)	(333.1)	207.8	1,046.3

The accompanying notes are an integral part of the audited consolidated financial statements.

The shareholding of Ontex Group NV based on the declarations, received in the period up to December 31, 2022, is as follows:

Shareholder	December 31, 2022	% ¹
Groupe Bruxelles Lambert SA	16,454,453	19.98%
ENA Investment Capital	12,411,999	15.07%
Guangchang Guo and Fosun International Holdings Ltd.	3,200,373	3.89%
The Pamajugo Irrevocable Trust	2,722,221	3.64%
Veraison SICAV - Engagement Fund	2,497,800	3.03%

¹At the time of the transparency declaration

The accompanying notes are an integral part of the audited consolidated financial statements.

6. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31

The amounts below include both continuing and discontinued operations. For details regarding the discontinued operations, see note 7.8.

in € million	Note	Full Year	
		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 acquired¹		0.0	80.0
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		(57.7)	25.3

in € million	Note	Full Year	
		2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	133.2	799.3
Repayment of borrowings	17	(81.7)	(1,125.0)
Interests paid	26	(46.1)	(26.8)
Interests received	26	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	8	59.7	

¹ In 2021, this line item in the consolidated cash flow statement includes the arbitration settlement for an amount of €80.0 million (BRL 500 million) received from Hypera on October 1, 2021. This payment settled certain claims relating to the acquisition of the Brazilian personal hygiene business of Hypera by Ontex. The Company acquired the Brazilian personal hygiene business from Hypera in March 2017 for an enterprise value of BRL 1 billion.

The accompanying notes are an integral part of the audited consolidated financial statements.

7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1.1. Introduction

The accounting policies used to prepare the consolidated financial statements for the period from January 1, 2022 to December 31, 2022 are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2021 of Ontex Group NV. The accounting policies have been consistently applied to all the periods presented.

7.1.2. Basis of preparation

These consolidated financial statements of the Ontex Group NV for the year ended December 31, 2022 have been prepared in compliance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2022. The new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning January 1, 2022, did not have a significant impact. No new standards, amendments to standards or interpretations were early adopted.

These financial statements are prepared on an accrual basis and on the assumption that the entity is in going concern and will continue in operation in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.4.

IFRS accounting standards to be adopted as from 2022 and onwards

The following relevant new standards and amendments to existing standards have been published and endorsed by the European Union and are mandatory for the first time for the financial periods beginning on or after January 1, 2022:

Amendments to IFRS 3 *Business Combinations* update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* specify which costs a company includes when assessing whether a contract will be loss-making.

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

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

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

Relevant IFRS accounting pronouncements to be adopted as from 2023 onwards

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

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies* (effective 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information needs not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (effective 1 January 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 January 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

Financial reporting in hyperinflationary economies

In 2022, the Turkish economy faced further high 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 statement of financial position 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.

7.1.3. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

Transactions with non-controlling interests

The Group treats the transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains and losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

7.1.4. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill recognized in the statement of financial position is allocated to three Cash-Generating Units (CGUs). These CGUs are Europe, Russia and North America. They represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

7.1.5. Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to interest-bearing debts and cash and cash equivalents are presented in the income statement within 'Net finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income/(expenses), net'.

For the purpose of presenting consolidated financial statements, assets and liabilities of the Group's foreign operations are translated at the closing rate at the end of the reporting period. Items of income and expense are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and equity items are translated at historical rates. The resulting exchange rate differences are recognized in other comprehensive income and accumulated in a separate component of equity.

The principal exchange rates that have been used are as follows:

Currency	December 31, 2022		December 31, 2021	
	Closing Rate	Av Rate Year	Closing Rate	Av Rate Year
AUD	1.5693	1.5174	1.5615	1.5747
BRL	5.6386	5.4432	6.3101	6.3813
CZK	24.1160	24.5603	24.8580	25.6468
GBP	0.8869	0.8526	0.8403	0.8600
MXN	20.8560	21.2045	23.1438	23.9903
PLN	4.6808	4.6845	4.5969	4.5640
RUB	78.9950	74.0691	85.3004	87.2321
DZD	147.1816	150.2997	158.2669	160.2390
USD	1.0666	1.0539	1.1326	1.1835

7.1.6. Intangible assets

An intangible asset is recognized on the statement of financial position when the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; (3) the Group can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible assets are carried at acquisition cost (including the costs directly attributable to the transaction) less any accumulated amortizations and less any accumulated impairment losses.

Within the Group, internally generated intangibles represent IT projects and product/process development projects.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the project so that it will be available for use
- management intends to complete the project and use or sell it
- there is an ability to use or sell the project
- it can be demonstrated how the project will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the project are available, and
- the expenditure attributable to the project during its development can be reliably measured.

The Group's systems allow a reliable measure of expenses directly attributable to the different IT and product/process development projects.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Externally acquired software is carried at acquisition cost less any accumulated amortization and less any accumulated impairment loss.

Maintenance costs as well as the costs of minor upgrades whose objective is to maintain (rather than increase) the level of performance of the asset are expensed as incurred.

Borrowing costs that are directly attributable to the acquisition, construction and or production of a qualifying intangible asset are capitalized as part of the cost of the asset.

Intangible assets are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	
Brands	20 years
IT implementation costs	5 years
Capitalized development costs	3 to 5 years
Licenses	3 to 5 years
Acquired concessions, patents, know-how, and other similar rights	5 years

Amortization commences only when the asset is available for use.

7.1.7. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Acquisition cost includes any directly attributable cost of bringing the asset to working condition for its intended use. Borrowing costs that are directly attributable to the acquisition, construction and/or production of a qualifying asset are capitalized as part of the cost of the asset.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets is charged to the income statement. However, expenditure on major repair and major maintenance, which increases the future economic benefits that will be generated by the fixed asset, is identified as a separate element of the acquisition cost. The cost of property, plant and equipment is broken down into major components. These major components, which are replaced at regular intervals and consequently have a useful life that is different from that of the fixed asset in which they are incorporated, are depreciated over their specific useful lives. In the event of replacement, the component is replaced and removed from the statement of financial position, and the new asset is depreciated up until the next major repair or maintenance.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, less residual value, if any. The applicable useful lives are:

Property, plant and equipment	
Land	N/A
Land improvements and buildings	30 years
Plants, machinery and equipment	10 to 15 years
Furniture and vehicles	4 to 8 years
Other tangible assets	5 years
IT equipment	3 to 5 years

The useful life of the machines is reviewed regularly. Each time a significant upgrade is performed, such upgrade extends the useful life of the machine. The cost of the upgrade is added to the carrying amount of the machine and the new carrying amount is depreciated prospectively over the remaining estimated useful life of the machine.

7.1.8. Leases

The Group leases several properties, machinery, vehicles and IT equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life (see note 7.1.7). In all other circumstances the asset is depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

For short-term leases (lease term of 12 months or less) or leases of low-value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognized on a straight-line basis as an expense over the lease term.

Some property leases contain variable payment terms that are linked to the use of the property (mainly warehouses). Variable lease payments that depend on the use are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

7.1.9. Impairment of non-financial assets, other than goodwill

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not subject to amortization, but are tested annually for impairment.

Other assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

7.1.10. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises the production costs, like raw materials, direct labor, and also the indirect production costs (production overheads based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts held by the Group are classified as property, plant and equipment if they are expected to be used in more than one period and if they are specific to a single machine. If they are not expected to be used in more than one period or if they can be used on several machines, they are classified as inventory. For the spare parts classified as inventory, the Group uses write-down rules based on the economic use of these spare parts.

7.1.11. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated, or if it is an operation within such a cash-generating unit.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

A discontinued operation is a component of the Group which the Group has disposed of or which is classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

7.1.12. Revenue recognition

Ontex Group's core activity is the sale of goods with as only performance obligation the delivery of goods. As such, the Group recognizes revenue at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Group sells its products to its customers directly, through distributors or agents. This can result in a different moment to recognize revenue. Following delivery to distributors, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Next to the sale of goods, distinct services – mainly customer training or customer assistance services – are rendered predominantly over the period that the corresponding goods are sold to the customer. Transportation (shipping) is not be considered as a separate performance obligation as control over the goods is only transferred to the customer after the shipment.

Payment terms can differ depending on the customer, based on the credit risk and prior payment behavior of the customer. In addition, the geographical location of the company and the customer have an effect on the payment terms. There are no significant financing components in the transaction prices and the considerations are paid in cash.

Customer contracts include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract. Furthermore, the estimated variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (constraining the variable consideration). Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

7.1.13. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value and financial assets at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortized cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at fair value and subsequently measured at amortized cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The amount of the allowance is deducted from the carrying amount of the asset and is recognized in the income statement within 'Sales and marketing expenses'.

Trade receivables are no longer recognized when (1) the rights to receive cash flows from the trade receivables have expired, (2) the Group has transferred substantially all risks and rewards related to the receivables.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

7.1.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

7.1.15. Share capital

Ordinary shares are classified as equity. Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments are either classified as financial liabilities or equity. The financial instrument is included in equity if, and only if, the instrument does not include a contractual obligation to deliver cash or another financial asset or to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Group, and if the instrument will or may be settled in a fixed number of the Group's own equity instruments.

7.1.16. Government grants

Grants from governments are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are deducted from the acquisition cost of the assets to which they relate and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

7.1.17. Employee benefits

Short-term employee benefits

Short-term employee benefits are recorded as an expense in the income statement in the period in which the services have been rendered. Any unpaid compensation is included in 'Employee benefit liabilities' in the statement of financial position.

Post-employment benefits

Group companies operate various pension schemes. Most of the schemes are unfunded. Some schemes are funded through payments to insurance companies or pension funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income. The net interest cost relating to the defined benefit plans is recognized within financial expenses.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits

Unfunded obligations arising from long-term benefits are provided for using the projected unit credit method.

Termination benefits

Early termination obligations are recognized as a liability when the Group is 'demonstrably committed' to terminating the employment before the normal retirement date. The Group is 'demonstrably committed' when, and only when, it has a detailed formal plan for the early termination without realistic possibility of withdrawal. Where such benefits are long term, they are discounted using the same rate as above for defined benefit obligations.

7.1.18. Share-based payments

The Group operates an equity settled share-based compensation plan, consisting of stock options (hereafter 'options'), restricted stock units ('RSU') and performance stock units ('PSU'). For grants of options, RSU's and PSU's, the fair value of the employee services received is measured by reference to the fair value of the shares or options granted on the date of the grant. The Group recognizes the fair value of the services received in exchange for the grant of the options as an expense and a corresponding increase in equity on a straight-line basis over the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the share price at date of grant of the option, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Vesting conditions included in the terms of the grant are not taken into account in estimating fair value except where those terms relate to market conditions. Non-market vesting conditions are considered by adjusting the number of shares or options included in the measurement of the cost of employee services so that ultimately the amount recognized in the income statement reflects the number of vested shares or options.

At each statement of financial position date, the entity revises its estimates of the number of instruments that are expected to become exercisable and recognizes the impact of revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

When the instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the instruments is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

7.1.19. Provisions

Provisions are recognized when (1) the Group has a present legal or constructive obligation as a result of past events; (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

If the Group has an onerous contract, it will be recognized as a provision. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

A provision for restructuring is only recorded if the Group demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

7.1.20. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. In line with paragraph 46 of IAS 12 *Income taxes*, management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This evaluation is made for tax periods open for audit by the competent authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred tax is not recognized for:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognized for taxable temporary differences.

Deferred tax assets are generally recognized for tax losses and tax attributes to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are calculated at the level of each fiscal entity in the Group. The Group is able to offset deferred tax assets and liabilities only if the deferred tax balances relate to income taxes levied by the same taxation authority.

7.1.21. Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are classified as at amortized cost, except for derivative instruments (see 7.1.22 below).

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

When a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss is recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

7.1.22. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks and equity price risks associated with share-based payments, including foreign exchange forward contracts, commodity hedging contracts and interest rate CAP's and SWAP's.

Derivatives are accounted for in accordance with IFRS 9. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The fair values of various derivative instruments are disclosed in note 7.5 'Financial Instruments and Financial Risk Management'. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

If no hedge accounting is applied, the Group recognizes all gains or losses resulting from changes in fair value of derivatives in the consolidated income statement within Other operating income/expense to the extent that they relate to operating activities and within Net finance cost to the extent that they relate to the financing activities of the Group (e.g. interest rate swaps relating to the floating rate borrowings).

7.1.23. Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk and commodities, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'other operating income/(expense)' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

7.1.24. Operating segments

The Group's activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The chief operating decision maker, the Board of Directors, reviews the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore, the Group operates as one segment.

7.1.25. Statement of cash flows

The cash flows of the Group are presented using the indirect method. This method reconciles the movement in cash for the reporting period by adjusting net profit of the year for any non-cash items and changes in working capital, and identifying investing and financing cash flows for the reporting period.

7.2. ALTERNATIVE PERFORMANCE MEASURES

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

7.2.1. EBITDA adjustments

Income and expenses classified under the heading "EBITDA adjustments" are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. EBITDA adjustments 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. EBITDA adjustments 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.

EBITDA adjustments of the Group for the years ended December 31 are composed of the following items presented in the consolidated income statement and can be reconciled in note 7.24:

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

7.2.2. EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net finance cost, income taxes, depreciations and amortizations. Adjusted EBITDA is defined as EBITDA excluding EBITDA adjustments.

EBITDA and Adjusted EBITDA reconciliation of the Group for the years ended December 31 are as follows:

in € million	Full Year					
	2022			2021		
	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Revenue	1,672.2	792.3	2,464.5	1,408.7	617.7	2,026.4
Operating profit/(loss)	(69.4)	(90.9)	(160.3)	30.9	(31.1)	(0.2)
Depreciation and amortization	(70.4)	-	(70.4)	(65.7)	(22.0)	(87.7)
EBITDA	1.0	(90.9)	(89.9)	96.6	(9.1)	87.5
EBITDA adjustments	103.0	122.6	225.6	59.7	25.1	84.7
Adjusted EBITDA	104.0	31.7	135.7	156.3	15.9	172.2
<i>Adjusted EBITDA margin</i>	6.2%	4.0%	5.5%	11.1%	2.6%	8.5%

7.2.3. Net financial debt/LTM Adjusted EBITDA ratio (Leverage)

Net financial debt is calculated by adding short-term and long-term debt and deducting cash and cash equivalents. LTM adjusted EBITDA is defined as EBITDA excluding EBITDA adjustments for the last twelve months (LTM). For the years ending December 31, the LTM adjusted EBITDA corresponds with the adjusted EBITDA of the year.

Net financial debt/LTM Adjusted EBITDA ratio of the Group for the years ended December 31 are as follows:

in € million	December 31, 2022			December 31, 2021
	Continued Operations	Discontinued Operations	Total Group	Total Group
Non-current interest-bearing debts	891.7	16.8	908.5	885.2
Current interest-bearing debts	145.4	22.2	167.6	87.0
Cash and cash equivalents	(149.1)	(59.7)	(208.7)	(246.7)
Net Financial Debt	888.1	(20.7)	867.4	725.5
LTM adjusted EBITDA	104.0	31.7	135.7	172.2
<i>Leverage ratio</i>			6.4	4.2

7.2.4. Free Cash Flow

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

Free Cash Flow of the Group for the years ended December 31 is as follows:

in € million	Full Year	
	2022	2021*
Operating profit/(loss)	(69.4)	30.9
Depreciation and amortization	70.4	65.7
EBITDA	1.0	96.6
EBITDA from discontinued Operations	(90.9)	(9.1)
Non-cash items and items relating to investing and financing activities	182.8	54.0
Change 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
Capex	(62.4)	(56.5)
Cash (used in)/from on disposal	4.6	1.9
Repayment of lease liabilities	(25.0)	(22.7)
Free Cash Flow	(54.4)	52.9

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

7.2.5. Adjusted Basic Earnings and Adjusted Basic Earnings per Share

Adjusted Basic Earnings (or Adjusted Profit) are defined as profit for the period plus EBITDA adjustments and tax effect on EBITDA adjustments, attributable to the owners of the parent. Adjusted Basic Earnings per share are defined as Adjusted Basic Earnings divided by the weighted average number of ordinary shares.

Adjusted Basic Earnings per Share for the years ended December 31 are presented in note 7.16 'Earnings per share'.

7.2.6. Working Capital

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

in € million	December 31, 2022	December 31, 2021
Inventories	264.3	358.7
Trade receivables	191.8	269.8
Prepaid expenses and other receivables	36.8	69.2
Non-current receivables	0.3	3.5
Trade payables	(405.3)	(532.6)
Accrued expenses and other payables	(22.6)	(39.0)
Total Net Working Capital	65.4	129.6

7.2.7. Alternative Performance Measures included in the Press releases and other Regulated information

Like-for-Like (LFL) revenue

Like-for-like revenue is defined as revenue at constant currency excluding change in scope of consolidation or a change due to M&A.

in € million	2021			2022 LFL			Forex			2022		
	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group	Continued Operations	Discontinued Operations	Total Group
Revenue	1,408.7	617.7	2,026.4	1,622.7	748.9	2,371.6	49.5	43.4	92.9	1,672.2	792.3	2,464.5

Adjusted EBITDA margin

Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

7.3. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

The Group monitors capital on the basis of the net financial debt position and its leverage. The Group's net financial debt position is calculated by adding all short and long-term interest-bearing debts and by deducting the available short-term liquidity.

The leverage is computed as the net financial debt divided by the LTM adjusted EBITDA (i.e. EBITDA plus EBITDA adjustments for the last twelve months (LTM)).

The net financial debt and leverage of the Group for the years ended December 31 are as follows:

in € million	December 31, 2022	December 31, 2021
Non-current interest-bearing debts	908.5	885.2
Current interest-bearing debts	167.6	87.0
Cash and cash equivalents	(208.7)	(246.7)
Net Financial Debt	867.4	725.5
LTM Adjusted EBITDA	135.7	172.2
Net Financial Debt/LTM Adjusted EBITDA ratio	6.4	4.2

During 2022, the debt covenants related to the available credit facilities have been renegotiated and replaced by a liquidity covenant, which is further disclosed in note 7.4.

7.4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The amounts presented in the consolidated financial statements involve the use of estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amounts may differ from these estimates. The estimates and assumptions that could have an impact on the consolidated financial statements are discussed below.

7.4.1. 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.

The €220.0 million term loan and the €250.0 million revolving credit facility, of which €115.0 million was utilized on December 31, 2022, are subject to debt covenants. For the full year 2022, these debt covenants have been renegotiated and replaced by a liquidity covenant which the Group complied with. For 2023, the liquidity covenant to be met on March 31 is defined as cash and cash equivalents plus the non-used portion of the revolving credit facility to exceed €200.0 million. The leverage covenants to be met at June 30, 2023 and December 31, 2023 are defined as the ratio of net financial debt over the last-twelve-months adjusted EBITDA not to exceed 4.75 and 3.75 respectively.

Management has prepared detailed budgets and cash flow forecasts, which reflect the strategy of the Group. While there may be limited headroom on reaching the covenants, the Company is confident that it will meet them, reassured by the business performance so far in 2023, and the progress made in the divestment of the Mexican assets. The closing is expected in the second quarter and the proceeds will be used to pay back the €220.0 million term loan. Moreover, the Group 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.

7.4.2. Income taxes

The Group has tax losses and other tax incentives usable to offset future taxable profits, mainly in Belgium, France and Spain amounting to €544.5 million at December 31, 2022 (€628.0 million at December 31, 2021).

The European Commission challenged Belgium's excess profit ruling (EPR) system, characterizing this system as illegal state aid. Ontex, through its Belgian subsidiary Ontex BV, had an EPR covering the years 2011-2015. Ontex has lodged an appeal against this EC decision. The General Court has handed down its judgment on February 14, 2019 in the joint case of Belgium vs Commission and Magnetrol International vs Commission. The General Court annulled the Commission's Decision for the reason that the Commission erroneously considered that the excess profit exemption system constituted an aid scheme. The European Commission has appealed the decision of the General Court to the European Court of Justice and in September 2021 the Court decided that the proceedings regarding the EPR decision must be re-opened before the EU General Court. We await the outcome.

Furthermore, the European Commission opened individual investigations in September 2019 into each of the individual EPRs including that of Ontex, as it believes that each EPR grants illegal state aid, even if the EPR system does not constitute an aid "scheme". The formal investigation into the Ontex EPR continues and it is unclear when a final decision can be expected. Ontex will have the right to appeal against any decision that concludes the Ontex EPR grants illegal state aid. Any such appeal will take some time to be heard.

Ontex had fully taken into account the impact of the Commission's position that the EPR system is illegal state aid being successful, and the Commission concluding that the Ontex EPR grants illegal state aid in its tax position. Since the outcome of both challenges is not yet final, Ontex will not release the relevant provisions at this stage.

The Group has only recognized deferred tax assets on €20.6 million of tax losses and other tax incentives out of the €544.5 million mentioned above. The measurement of these deferred tax assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different Group subsidiaries in different jurisdictions. These estimates are made prudently to the extent of the best current knowledge.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assesses whether certain uncertain tax provisions should be recognized in its consolidated financial statements (based on the requirements of IFRIC 23).

7.4.3. Business combinations

For business combinations, the Group must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Group must determine the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statement of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets and the determination of the indefinite or finite useful lives of other intangible assets acquired requires significant judgments and will have an impact on the Group's profit or loss.

7.4.4. Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 7.1.4 "Goodwill". The outcome of these goodwill impairment tests in 2022 resulted in an impairment loss for the CGU "Russia".

The impairment recognized on the CGU "Russia" was entirely allocated to the goodwill (€84.1 million). For more detailed information, see note 7.9.

The Group identifies the following cash-generating units:

- Europe
- Russia
- North America
- As part of Assets held for sale (Central America, MEAA and South America. For more information, see note 7.4.9 and 7.8

The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions, including macroeconomic conditions, demand and competition in the markets where we operate, product offerings, product mix and pricing, raw materials availability and cost, direct and indirect expenses, operating margins, growth rates, capital expenditure and working capital, etc. as reflected in Ontex' financial budgets and strategic plans, as well as discount rates. The Group did consider climate-related matters, yet these did not have a material impact on the goodwill impairment exercise, as explained in the Non-Financial Statements. For more details on the impairment test performed, we refer to note 7.9 'Goodwill and intangible assets'. The discount rates used are summarized here below:

in %	Full Year	
	2022	2021
Pre-tax discount rate		
Europe	9.6%	6.8%
Russia	18.8%	N/A
North & Central America	N/A	7.5%
North America	9.1%	N/A
Middle East, Africa & Asia	N/A	12.8%
South America	N/A	16.4%

As a result of the impairment recognized on the CGU "Russia", no goodwill is allocated anymore to this CGU.

A sensitivity analysis indicates that the recoverable amount of Europe and North America would be equal to their carrying amount if the pre-tax discount rates of the CGUs were 11.8% and 20.8%, respectively and all other variables kept constant.

As indicated in note 7.9, cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America. These same percentages are used as perpetual growth rates. The growth rates have been determined by management but do not exceed the current market expectations in which the two CGUs are currently operating. Should the long growth rate for any of the CGUs decrease by 40.0%, no impairment would need to be recognized.

Should the estimated operating margins decrease by 20.0%, no impairment would be recognized.

Future cash flows are estimates that are likely to be revised in future periods as underlying assumptions change. Key assumptions in supporting the value of goodwill include long-term interest rates and other market data. Should the assumptions vary adversely in the future, the value in use of goodwill may reduce below their carrying amounts. Based on current valuations, headroom appears to be sufficient to absorb a normal variation in the underlying assumptions.

7.4.5. Expected useful lives

The expected useful lives of the property, plant and equipment and intangible assets must be estimated. The determination of the useful lives of the assets is based on management's judgment and it is reviewed at least at each financial year-end, pursuant to IAS 16 and IAS 38.

7.4.6. Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. All derivative financial instruments are, in accordance with IFRS 7, level 2. This means valuation methods are used for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.

7.4.7. Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate should correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

7.4.8. Revenue recognition

For the accrual for volume discounts (to customers and from suppliers) some judgements are made on the impact of commercial decisions that will influence the final discount to be received or to be granted.

7.4.9. Discontinued operations and disposal group held for sale

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

"Emerging Markets" are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa. As such, these operations have been classified as a disposal group held for sale and presented separately in the statement of financial position.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. On December 31, 2022, the discontinued CGUs (Assets held for Sale) are carried at their estimated fair value less cost to sell. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period consolidated statements of financial position are not restated to reflect the new classification of a non-current asset (or disposal group) as held for sale.

7.4.10. Operations in Russia

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

In 2022, the Group generated approximately €157.2 million revenue in Russia. The fixed assets held in Russia represent approximately €27.8 million consolidated fixed assets, including mainly machinery and right-of-use assets (leased manufacturing facilities). The manufacturing and commercial operations are ongoing as the Russian Ontex operation provides essential care products, but these are significantly dependent from the supply of the necessary raw materials and resources to the local manufacturing facility.

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

As the continuity of operations and the associated financial transactions remains with some uncertainties given the evolution of sanctions, the Group has decided to separate and then impair a portion of goodwill allocated to its Russian business for an amount of €84.1 million (see note 7.9.).

7.5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

7.5.1. Overview of financial instruments

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

in € million	December 31, 2022			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		0.3	0.3	Level 2
Trade receivables		191.8	191.8	Level 2
Other receivables		36.8	36.8	Level 2
Derivative financial assets	12.1		12.1	
<i>Interest rate swap</i>	7.7		7.7	Level 2
<i>Forward foreign exchange contracts</i>	4.4		4.4	Level 2
Cash and cash equivalents		149.1	149.1	Level 2
Assets classified as held for sale		661.7	661.7	Level 3
Total Financial Assets	12.1	1,039.7	1,051.8	
Interest-bearing debts - non-current		891.7	815.6	
<i>Senior Notes</i>		573.8	495.0	Level 1
<i>Syndicated Term Loan A > 1 year</i>		217.3	220.0	Level 2
<i>Lease & other liabilities</i>		100.6	100.6	Level 2
Derivative financial liabilities	15.0		15.0	
<i>Forward foreign exchange contracts</i>	13.8		13.8	Level 2
<i>Commodity hedging contracts</i>	1.2		1.2	Level 2
Other payables - non-current		0.4	0.4	Level 2
Interest-bearing debts - current		145.4	145.4	
<i>Syndicated Term Loan A < 1 year</i>		115.0	115.0	Level 2
<i>Accrued interests - Other</i>		10.4	10.4	Level 2
<i>Lease & other liabilities</i>		20.0	20.0	Level 2
Trade payables		405.3	405.3	Level 2
Other payables - current		22.6	22.6	Level 2
Liabilities related to assets classified as held for sale		249.6	249.6	Level 3
Total Financial Liabilities	15.0	1,714.9	1,653.8	

in € million	December 31, 2021			
	Designated in hedge relationship	At amortized cost	Fair value	Fair value level
Non-current receivables		3.5	3.5	Level 2
Trade receivables		269.8	269.8	Level 2
Other receivables		69.2	69.2	Level 2
Derivative financial assets	5.3		5.3	
<i>Forward foreign exchange contracts</i>	4.1		4.1	Level 2
<i>Commodity hedging contracts</i>	1.2		1.2	Level 2
Cash and cash equivalents		246.7	246.7	Level 2
Total Financial Assets	5.3	589.3	594.6	
Interest-bearing debts - non-current		885.2	870.9	
<i>Senior Notes</i>		572.1	554.2	Level 1
<i>Syndicated Term Loan A > 1 year</i>		216.3	220.0	Level 2
<i>Lease & other liabilities</i>		96.7	96.7	Level 2
Derivative financial liabilities	4.1		4.1	
<i>Interest rate swap</i>	1.8		1.8	Level 2
<i>Forward foreign exchange contracts</i>	2.3		2.3	Level 2
Other payables - non-current		0.2	0.2	Level 2
Interest-bearing debts - current		87.0	87.0	
<i>Accrued interests - Other</i>		10.4	10.4	Level 2
<i>Total return swap</i>		31.2	31.2	Level 2
<i>Lease & other liabilities</i>		45.4	45.4	Level 2
Trade payables		532.6	532.6	Level 2
Other payables - current		39.0	39.0	Level 2
Total Financial Liabilities	4.1	1,544.0	1,533.8	

In the context of the Group's financial risk management, the Group uses derivative instruments to cover specific risks, such as foreign currency exposure, interest rate exposure and commodity price exposure. The following table presents an overview of the derivative instruments outstanding at reporting date:

in € million	Fair value		Nominal amounts	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Derivative financial assets	12.1	5.3	325.0	165.5
<i>Interest rate swap</i>	<i>7.7</i>	<i>0.0</i>	<i>150.0</i>	<i>0.0</i>
<i>Cross-Currency Interest rate swap</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>4.0</i>
<i>Forward foreign exchange contracts</i>	<i>4.4</i>	<i>4.1</i>	<i>175.0</i>	<i>145.2</i>
<i>Commodity hedging contracts</i>	<i>0.0</i>	<i>1.2</i>	<i>0.0</i>	<i>16.3</i>
Derivative financial liabilities	15.0	4.1	375.8	283.5
<i>Interest rate swap</i>	<i>0.0</i>	<i>1.8</i>	<i>0.0</i>	<i>150.0</i>
<i>Forward foreign exchange contracts</i>	<i>13.8</i>	<i>2.3</i>	<i>368.8</i>	<i>133.5</i>
<i>Commodity hedging contracts</i>	<i>1.2</i>	<i>0.0</i>	<i>7.0</i>	<i>0.0</i>

The derivative instruments presented in the tables above are all designated in a cash flow hedge relationship (see below in notes 7.5.3 to 7.5.5). The impact on OCI of the different derivatives is as follows:

in € million	OCI				December 31, 2022
	December 31, 2021	Amounts recognised in 2022	Amounts derecognised (Recycled to P&L) in 2022	Total Movement 2022	
Forward foreign exchange contracts	1.0	(10.7)	0.4	(10.3)	(9.3)
Commodity hedging contracts	1.2	-	(2.3)	(2.3)	(1.1)
Interest rate swap	(1.8)	9.0	0.4	9.4	7.6

The fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is exceeding 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The fair value of the derivatives is based on level 2 inputs as defined under IFRS 7.27, meaning inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are based on mathematical models that use market observable data and are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- Level 3 liabilities: the amount has been determined based on contractual agreements.

The Group has derivative financial instruments which are subject to offsetting, enforceable master netting arrangements and similar agreements. No offsetting needed to be done per December 31, 2022 (nor 2021).

The counterparties of the outstanding derivative instruments have an A-credit rating.

7.5.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

There have been no changes in the risk management department since last year-end or in any risk management policies.

7.5.3. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British pound (GBP), the Polish zloty (PLN), the Australian dollar (AUD) and Russian ruble (RUB) in relation to sales, and the US dollar (USD) and the Czech koruna (CZK) in relation to procurement. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Group also has exposures to the Russian ruble (RUB), Czech koruna (CZK) and Australian dollar (AUD) due to their net investments in foreign operations. For the year ended December 31, 2022, only continuing operations are enclosed.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

in € million	Assets		Liabilities	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
EUR	1,879.9	1,775.9	2,765.6	2,566.0
USD	132.7	165.9	154.3	212.5
PLN	85.7	100.9	49.7	61.5
GBP	67.0	98.3	42.6	53.6
RUB	30.9	27.1	4.8	4.4
CZK	27.0	28.4	20.9	18.6
AUD	25.4	38.0	17.2	17.4
BRL	0.0	48.7	0.0	43.8
MXN	0.0	51.2	14.0	47.0
DZD	0.0	21.6	0.0	0.3

The Group monitors its foreign exchange exposure closely and will enter into hedging transactions if deemed appropriate to minimize exposure throughout the Group to foreign exchange fluctuations. All hedging decisions are subject to approval of the Board of Directors. The strategy regarding FX hedges was maintained.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, the Group uses forward exchange contracts. Foreign exchange risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury is responsible for optimizing the net position in each foreign currency when possible and appropriate. The Group applies hedge accounting for the hedge related transactions, the impact of the revaluation is recognized in other comprehensive income.

The Group has entered into foreign exchange forward contracts in 2022 maturing at the latest in March 2024 in order to limit volatility in the business resulting from exposures to sales in British pound, Polish zloty, Australian dollar as well as purchases in US dollar and Czech crown during 2023. Based on the hedge strategy, the foreign exchange forward contracts hedge the following forecasted exposures until December 31, 2023: for British pound (GBP) 76.0 million, for Polish zloty (PLN) 310.2 million, for Australian dollar (AUD) 23.1 million, for Czech crown (CZK) 870.2 million, for US dollar (USD) 73.1 million versus EUR and US dollar (USD) 18.2 million versus Czech crown (CZK).

The terms of the foreign currency forward contracts have been negotiated to match the terms of the highly probable forecast transactions. The Group applies hedge accounting to the foreign currency forward contracts.

The changes in the fair value of these hedging instruments, designated as effective instruments in a cash flow hedge, are recognized in OCI until the moment the transaction occurs. At the moment the transaction leads to the recognition of a trade receivable or a trade payable, this cash flow hedge reserve including the changes in fair value of the hedging instrument is included in P&L where it adjusts revenue/costs or, if the transaction leads to the recognition of a non-financial asset or non-financial liability, as an adjustment of the carrying amount of the asset and liability. Further changes in the hedging instrument are recognized in P&L together with the changes in the trade receivables or payables.

For the year ended December 31, 2022, an unrealized loss of €14.1 million (mainly Mexican peso versus EUR for 11.1 million and US dollar versus EUR for 2.4 million) has been recognized in other comprehensive income, offset by an unrealized gain of €3.8 million (British pound mainly).

As of December 31, 2022, the fair value of the derivative financial asset for the foreign exchange contracts amounted to €4.4 million (2021: €4.1 million) and of the derivative financial liability amounted to €13.8 million (2021: €2.3 million).

An amount of €0.4 million was reclassified to P&L (loss) during 2022.

The following table sets forth the impact on pre-tax profit and equity for the year of a 10% weakening/strengthening of the Euro against the reported currency with all other variables held constant. The impact is mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables and payables and related derivative positions as at the respective statement of financial position dates.

in € million	10% weakening of the EUR			10% strengthening of the EUR		
	2022		2021*	2022		2021*
	Impact on P&L	Impact on Equity		Impact on P&L	Impact on equity	
AUD	(0.2)	(1.4)	(0.2)	0.2	1.2	0.1
GBP	(0.9)	(8.5)	(0.9)	0.8	7.0	0.7
PLN	(0.8)	(6.5)	(0.8)	0.7	5.3	0.6
USD	(1.9)	4.5	(1.3)	1.6	(3.5)	1.1

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

7.5.4. Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate swaps to manage these risks.

Considering that the floating rate borrowings on the Syndicated Term Loan A (EURIBOR + margin) are partially hedged through interest rate swaps, the interest expense recognized in the consolidated income statement is to a limited extent subject to interest rate volatility, as apart from the syndicated term loan A, there has also been €115.0m withdrawn on Floating Rate Syndicated Term Loan B, carrying an interest of EURIBOR 1 month + margin of 3.60%.

Sensitivity of the fair value of derivative financial instruments related to loans: at December 31,2022, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been respectively €0.2 million higher/lower. At December 31,2021, if EURIBOR interest rates had been 10bps higher/lower with all other variables held constant, pre-tax other comprehensive income for the year would have been negligible.

Floating Rate Syndicated Term Loan A of €220.0 million due 2024 is carrying an interest of EURIBOR 3 month + margin of 3.90%. The notional principal amounts of the outstanding fixed payer interest rate swap contract at December 31, 2022 is €150.0 million as per below table:

Duration	Fixed interest rate %	Amount in € million
3 Years	0.5950%	150.0
Total		150.0

The OCI net impact for 2022 was a €9.5 million gain. €0.4 million was reclassified to P&L (loss) during 2022.

7.5.5. Price risk (commodity)

The Group has some exposure to the price of oil because certain of the raw materials used in production are manufactured from oil derivatives. These include glues, polyethylene, propylene and polypropylene.

In relation to our fluff exposure, the Group has arrangements with certain of their fluff suppliers that reduce our exposure to volatility in fluff prices. The Group also decided to continue to hedge a portion of the propylene, polypropylene and polyethylene exposure in 2022.

Forward contracts to cover the commodity price risk are being reviewed and potentially executed monthly. Forward contracts are initiated over a future period of 12 months covering monthly expected exposure. The total notional amount hedged in 2022 was €36.6 million covering propylene (€15.7 million), polypropylene (€14.5 million) and LDPE (€6.4 million). The average hedged rate for 2022 was €1,154/Ton for propylene, €2,085/Ton for polypropylene and €2,232/Ton for LDPE.

The OCI net impact for 2022 was a €2.3 million loss. €2.3 million was reclassified to P&L (gain) during 2022.

7.5.6. Equity price risk

Following the issuance of options, RSU's and PSU's as share-based payment arrangements under the different LTIP programs (refer to note 7.28 for details of these programs), the Group is exposed to variations in the Group share price. The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program through a total return swap. The purpose of this financial instrument is to effectively hedge the risk that a price increase of the Ontex shares would negatively impact future cash flows related to the share-based payments.

The Group entered into a Total Return Swap ('TRS') agreement with a financial institution to manage its exposure to price volatility related to the shares subject to the stock option, RSU and PSU plans as disclosed in note 7.28. Under the total return swap agreement, the Company will pay interest to the financial institution. At the settlement of the TRS, the Group will receive the underlying shares which will be granted to the beneficiaries of the stock options, RSU's or PSU's upon exercise. As such, the Group hedges the risk that the share price would increase when shares have to be issued upon exercise by the beneficiaries of their Options/RSU's/PSU's. The shares bought in this context are recognized in deduction of Group equity at the strike price at the moment of entering into the TRS. As the Group takes physical delivery of the shares upon settlement of the TRS (no net settlement), the TRS does not meet the scope of financial instruments in accordance with IAS 32 / IFRS 9. As such, the TRS should not be remeasured at fair value at each closing date.

During 2022, the existing program was not renewed and all shares are therefore now owned by the Group.

7.5.7. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% for 2022 and 2021. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

We refer to note 7.13 for the aging of the receivables and the doubtful receivables.

All financial instruments are held at banks and financial institutions with a credit rating of at least A.

The maximum exposure to credit risk at the reporting date is the carrying amount as presented in the table above in the note 7.5.1.

7.5.8. Liquidity risk

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 7.17 Interest-bearing debts) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities.

The table below analyzes the Group's financial liabilities (including interest payments) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

in € million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2022				
Interest-bearing debts	(34.0)	(361.6)	(611.0)	-
Lease liabilities	(24.0)	(20.3)	(38.7)	(60.2)
Trade payables	(405.3)	-	-	-
Total non-derivative financial liabilities	(463.3)	(381.9)	(649.7)	(60.2)
Interest rate swaps	(0.9)	(0.9)	-	-
Forward foreign exchange contracts	(531.8)	(12.0)	-	-
Total derivative financial liabilities	(532.7)	(12.9)	-	-
At December 31, 2021				
Interest-bearing debts	(28.5)	(31.2)	(857.0)	(0.0)
Lease liabilities	(26.0)	(22.1)	(42.2)	(40.4)
Trade payables	(532.6)	-	-	-
Total non-derivative financial liabilities	(587.2)	(53.3)	(899.1)	(40.4)
Interest rate swaps	(0.9)	(0.9)	(0.9)	-
Forward foreign exchange contracts	(267.4)	(11.3)	-	-
Total derivative financial liabilities	(268.3)	(12.2)	(0.9)	-

7.6. OPERATING SEGMENTS

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

7.6.1. Information by product group

The key product categories are:

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

in € million	Full Year	
	2022	2021*
Baby Care	765.0	628.8
Adult Care	653.6	571.3
Feminine Care	222.0	180.8
Other	31.6	27.8
Total revenue	1,672.2	1,408.7

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €617.7 million

7.6.2. Information by country

The sales in the country of domicile of Ontex Group NV (Belgium) represent less than 4% of Ontex Group NV Revenue. Sales to countries in our top four markets are presented in the table below. The sales in all other individual countries represent less than 10% of the Group's revenue.

in € million	Full Year	
	2022	2021*
United Kingdom	253.8	221.3
USA	205.1	151.4
Italy	180.4	179.9
France	182.7	167.2
Other countries	850.2	689.0
Total revenue	1,672.2	1,408.7

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €617.7 million

The following table presents an overview of the non-current assets (property, plant and equipment (PP&E), right to use assets and intangible assets) located in the main countries. The non-current assets in all other individual countries represent less than 10% of the Group's total non-current assets (excluding financial instruments, deferred tax assets and goodwill). Goodwill is not included in the below table as this is not monitored on a country-basis, but at the divisional level.

in € million	December 31, 2022	December 31, 2021
Belgium	133.5	139.0
Poland	68.5	42.9
Mexico	52.4	145.3
Czech Republic	50.0	51.1
Germany	49.7	83.7
Brazil	N/A	45.9
Other countries	208.8	213.5
Total	562.9	721.3

7.6.3. Revenue from major customers

The Group does not have a single significant customer. In 2022 the largest customer represents 7.8% (2021:8.1%) of the revenue. The 10 largest customers represent 37.1% of 2022 revenue (2021: 37.5%). The figures for 2021 have been adjusted for the reclassification of the Emerging Markets as discontinued operations.

7.7. LIST OF CONSOLIDATED COMPANIES

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2022	2021		
Can Hygiène SPA	Algeria	100.0%	100.0%	Haouch Sbaat Nord, Zone Industrielle de Rouiba, Voie H, lot 83B, 16012 Rouiba, Alger, Algeria	04/B/0965101
Ontex Australia Pty Ltd	Australia	100.0%	100.0%	Suite 10, 27 Mayneview Street, Milton, QLD 4064, Australia	ABN 59 130 076 283
Ontex Manufacturing Pty Ltd	Australia	100.0%	100.0%	Wonderland Drive 5, Eastern Creek, NSW, 2766, Australia	ABN 16 145 822 528
Eutima BV	Belgium	100.0%	100.0%	Korte Moeie 53, 9900 Eeklo, Belgium	0415.412.891
Ontema BV ¹⁾	Belgium	0.0%	100.0%	Genthof 12, 9255 Buggenhout, Belgium	0453.081.852
Ontex BV	Belgium	100.0%	100.0%	Genthof 5, 9255 Buggenhout, Belgium	0419.457.296
Active Industria De Cosméticos S.A.	Brazil	100.0%	100.0%	Rua Contorno Oeste 1/16 Quadra 01, Lote 01/16, Modulo 2 Senador Canedo, Goiania, Brazil	CNPJ 22.010816/0001-39
Falcon Distribuidora Armazenamento E Transporte S.A.	Brazil	100.0%	100.0%	Rua Iza Costa 1.104 Quadra: Area Lote Modulo 2, Fazenda Retio, Goiania, Brazil	CNPJ 23.191.831/0001-93
Chicolastic Chile, S.A.	Chile	100.0%	100.0%	Calle la Concepcion 81, D 603 P 06, Providencia, Santiago, Region Metropolitan, 8320000 Santiago de Chile, Chile	96886530-7
Ontex Hygienic Disposables (Yangzhou) Co.TD	China	100.0%	100.0%	Hangji industrial park, Hanjiang Dictriect, N°1 Zhaizhuang Road, 225111 Yangzhou, China	321000400010102
Ontex Hygienic Disposables (Shanghai) LTD	China	100.0%	100.0%	4F, Building G, No. 69, Hongqiao Green Valley Community, Yuhong Road, Minhang District, Shanghai	91310000MA1GCW6L6Y
Valor Brands de Centroamérica, S.A. de C.V. ¹⁾	Costa Rica	0.0%	100.0%	100 norte del Centro Comercial Tres Rios a mano izquierda-Apartamento Tinoco #02, City Cartago, 10106 San José, Costa Rica	3-101-645685
Ontex CZ S.r.o.	Czech Republic	100.0%	100.0%	Vesecko 491, 51101 Turnov, Czech Republic	44564422
Ontex Hygienic Disposables PLC	Ethiopia	100.0%	100.0%	Tracon Tower Building Addis Ababa, Subcity Arada, Werada 02, Kebele 01, House n° : 30/97, Ethiopia	EIA-PC/01/005318/08
Hygiène Medica SAS	France	100.0%	100.0%	30 Rue Hubble Parc Européen de la Haute Borne, 59262 Sainghin-en-Mélantois, France	401 439 872
Ontex France SAS	France	100.0%	100.0%	586 Boulevard Albert Camus, 69400 Villefranche-sur-Saône, France	338 081 102
Ontex Santé France SAS	France	100.0%	100.0%	Quai du rivage 62119 Dourges, France	502 601 297
Moltex Baby-Hygiene GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 5260
Ontex Engineering GmbH & Co .KG	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRA 21335
Ontex Healthcare Deutschland GmbH	Germany	100.0%	100.0%	Hansaring 6, Lotte 49504, Germany	HRB 9669

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2022	2021		
Ontex Hygiénartikel Deutschland GmbH	Germany	100.0%	100.0%	Fabrikstrasse 30, 02692 Grosspostwitz, Germany	HRB 3865
Ontex Inko Deutschland GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 20630
Ontex Care GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 21024
Ontex Mayen GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 11699
Ontex Vertrieb GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 4983
WS Windel-Shop GmbH	Germany	100.0%	100.0%	Robert-Bosch-Straße 8, 56727 Mayen, Germany	HRB 2793
Ontex Manufacturing Italy S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	02456370697
Serenity Holdco S.r.l.	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-178769
Serenity Spa	Italy	100.0%	100.0%	Localita Cucullo, Zona Industriale, 66026 Ortona (Chieti), Italy	CH-99632
Grupe P.I Mabe, S.A de C.V	Mexico	100.0%	100.0%	Ibsen N40 4to piso, col. Polanco Delegacion Miguel Hidalgo CP 11560 Mexico	GPI950824N64
Productos Internacionales Mabe, S.A de C.V	Mexico	100.0%	100.0%	Calle Norte 12, Ciudad Industrial 105,22505 Tijuana, Mexico	PIM810710R32
Ontex Mexico Operations S.A. de C.V. ²⁾	Mexico	100.0%	0.0%	Calle 12 Norte No. 105, Ciudad Industrial, Tijuana, Mexico	OMO220624KA3
Ontex Hygiène Sarlau ¹⁾	Morocco	0.0%	100.0%	Quartier Al Hank Boulevard De La Corniche, 6ième étage, immeuble Yacht A/B Anfa - Casablanca, Morocco	240709
Ontex Pakistan Ltd	Pakistan	100.0%	100.0%	Office No 705, 7th Floor, Park Avenue, Main Sharh-e-Faisal, Karachi Sindh 7400, Pakistan	0076658
Ontex Polska sp. z.o.o.	Poland	100.0%	100.0%	ul. Przesiebiornicowa 6, 97-500 Radomsko, Poland	0000010044
Ontex Romania Srl	Romania	100.0%	100.0%	Bucharest, 46 Grigore Cobalcescu Street, 2nd floor, 1st District, Romania	R 7682053
Ontex RU LLC	Russia	100.0%	100.0%	Zemlyanoy Val Street 9, 10564 Moscow, Russia	1055008702649
Ontex ES Holdco S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	B85082832
Ontex ID SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	NIFA-60617875
Ontex Peninsular SAU	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	A40103855
Valor Brands Europe, S.L	Spain	100.0%	100.0%	Torviscal 12, 45007 Toledo, Spain	B2837-1540
Ontex Hygienic Spain, S.L.	Spain	100.0%	100.0%	Poligono Industrial Nicomedes Garcia, C/Fresno s/n, sector C, 40140 Valverde del Majano, Segovia, Spain	M635-328
Ontex Tüketim. Urn. San. ve Tic. AS	Turkey	100.0%	100.0%	Tekstil Kent Cad. Koza Plaza B Blok Kat:31 No:116-117 Esenler, Istanbul	137334
Ontex Ukraine LLC	Ukraine	100.0%	100.0%	Building 7(C), 13 M. Pymonenko Street, 04050 Kyiv, Ukraine,	37728333

Name	Country	Percentage of interest held by the Group		Registered office	Company legal number
		2022	2021		
Ontex Health Care UK Ltd	United Kingdom	100.0%	100.0%	Kettering Parkway, Kettering Venture Park, Kettering, Northants, NN156XR, United Kingdom	02274216
Ontex Retail UK Ltd	United Kingdom	100.0%	100.0%	Unit 5 (1st Floor), Grovelands Business Centre, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7TE, United Kingdom	1613466
Ontex US Holdco, LLC	USA	100.0%	100.0%	1201 North Market Street, 19801 Wilmington, New Castle county, Delaware, United States of America	35-2548297
Valor Brands, LLC	USA	100.0%	100.0%	960 North Point Parkway, Suite 100, Alpharetta, GA 30005, USA	06-1661367
Ontex Operations USA, LCC	USA	100.0%	100.0%	1900 Barnes Street, Reidsville, NC 27320	85-0811594

¹⁾ Ontema BV, Valor Brands de centroamérica, S.A de C.V. and Ontex Hygiène Sarlau have been liquidated in the course of 2022.

²⁾ Ontex Mexico Operations S.A. de C.V. was founded in the course of 2022.

The voting rights equal the percentage of interest held.

The most significant Group subsidiaries are Ontex BV, Ontex Mayen GmbH, Ontex Hygiēartikel Deutschland GmbH, Ontex Santé France SAS, Ontex CZ Sro, Serenity Spa, Ontex Manufacturing Italy S.r.l. and Valor Brands LLC.

For the financial year ending December 31, 2022 the following companies make use of the exemptions in accordance with the German regulations of § 264 III and § 264b HGB

- Ontex Vertrieb GmbH, Mayen;
- Ontex Mayen GmbH, Mayen;
- Moltex Baby-Hygiene GmbH, Mayen;
- WS Windel-Shop, Mayen;
- Ontex Healthcare Deutschland GmbH, Lotte;
- Ontex Hygieneartikel Deutschland GmbH, Großpostwitz; and
- Ontex Engineering GmbH & Co. KG, Mayen.

7.8. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

The associated assets and liabilities are consequently presented as held for sale as from January 1st, 2022. The related financial performance is thereby reported as discontinued operations in the Income statement. The assets held for sale in the table below amount to €653.9 million and deviate from the amount in the consolidated statement of financial position as the Group also holds a building in Germany as held for sale at December 31st, 2022.

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 €250.0 million. 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.

Disposal group classified as held for sale

Upon reclassification as held for sale, total impairment losses on goodwill of €60.0 million have been recognized to present the net assets at the lower of the carrying amount and the fair value less costs of disposal.

At December 31, 2022, additional impairment losses on goodwill of €48.9 million have been recognized based on a comparison of the expected proceeds of disposal less costs to sell versus the carrying amount of the related net assets. €33.2 million of the impairment is related to the impact of the application of Hyperinflation on the Turkish carrying net assets, which increased with €29.0 million. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

in € million

December 31, 2022

Non-current Assets

Goodwill	83.8
Intangible assets	17.1
Property, plant and equipment	183.8
Right-of-use assets	16.3
Deferred tax assets	0.4
Other non-current assets	0.5
	301.9

Current Assets

Inventories	116.1
Trade receivables	115.4
Prepaid expenses and other receivables	53.8
Current tax assets	6.5
Derivative financial assets	0.5
Cash and cash equivalents	59.7
	352.0

Assets classified as held for sale

653.9

in € million	December 31, 2022
Non-current liabilities	
Employee benefit liabilities	3.4
Interest-bearing debts	16.8
Deferred tax liabilities	12.9
	33.1
Current liabilities	
Interest-bearing debts	22.2
Derivative financial liabilities	0.4
Trade payables	154.1
Accrued expenses and other payables	19.6
Employee benefit liabilities	12.5
Current tax liabilities	4.8
Provisions	2.9
	216.5
Liabilities related to assets classified as held for sale	249.6

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2022 were €302.4 million.

Financial performance

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

in € million	Full Year	
	2022	2021
Revenue	792.3	617.7
Operating expenses (excl. depreciations and amortizations)	(760.6)	(601.7)
Adjusted EBITDA	31.7	15.9
Income and expenses related to impairment losses and restructuring	(122.6)	(25.1)
EBITDA	(90.9)	(9.1)
Depreciation and amortization	-	(22.0)
Financial result	(19.9)	(1.1)
Profit/(loss) before income tax	(110.7)	(32.3)
Income tax expense	(10.9)	(10.2)
Profit/(loss) for the period from discontinued operations	(121.6)	(42.4)

Earnings per share (€)	Full Year	
	2022	2021
For discontinuing operations		
Basic earnings per share	(1.50)	(0.52)
Diluted earnings per share	(1.50)	(0.52)

Cash flows

The cash flow information presented for the period ended December 31, 2022 and 2021:

in € million	Full Year	
	2022	2021
Net cash generated from / (used in) operating activities	14.4	81.7
Net cash generated from / (used in) investing activities	(13.1)	(31.4)
Net cash generated from / (used in) financing activities	(4.2)	(40.6)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(2.9)	9.8
Effects of exchange rate changes on cash and cash equivalents	1.5	(7.8)

Hyperinflation

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 as of 1 January 2022. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into euro at the period closing exchange rate.

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

- Hyperinflation accounting was applied as of 1 January 2022;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Turkey were restated using official Consumer Price index published by the Turkish Statistic Institute TUIK. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2021 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2022 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line. This impact in 2022 amounted to €9.7m. The CPI index at 31 December 2022 amounted to 1,128.45 which means an increase of 64% versus 31 December 2021;
- The income statement is adjusted at the end of each reporting period using the change in the consumer price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies). This impact in 2022 amounted to €0.4m;
- The prior year income statement and statement of financial position were not restated.

In 2022, the Turkish operations represented 12.2% of the company's revenue from discontinued operations.

The hyperinflation impact on the net assets held for sale presented above of €404.4 million, amounts to €29.0 million. As indicated above, this subsequently has lead to an impairment on goodwill of the Turkish business for €33.2 million.

7.9. GOODWILL AND INTANGIBLE ASSETS

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Year ended December 31, 2022						
Opening net book amount	1,039.9	15.4	1.7	19.2	9.5	1,085.7
Hyperinflation opening net book amount	9.5	0.0	0.0	0.0	0.0	9.5
Restated opening net book amount	1,049.4	15.4	1.7	19.2	9.5	1,095.2
Additions	0.0	0.0	0.2	6.7	4.5	11.3
Transfers	0.0	0.0	3.7	0.9	(4.5)	0.1
Reclassified as held for sale	(170.6)	(15.4)	0.0	0.0	0.2	(185.8)
Amortization expense	0.0	0.0	(1.3)	(7.9)	0.0	(9.2)
Impairment	(84.1)	0.0	(0.2)	0.0	0.0	(84.3)
Exchange differences	3.2	(0.0)	0.0	(0.0)	0.0	3.2
Closing carrying amount	797.9	(0.0)	4.1	18.9	9.6	830.6
At December 31, 2022						
Cost	862.6	0.0	9.4	67.5	23.7	963.4
Accumulated amortization and impairment	(64.7)	(0.0)	(5.3)	(48.6)	(14.1)	(132.7)
Carrying amount	797.9	(0.0)	4.1	18.9	9.6	830.6

in € million	Goodwill	Brands	Capitalized Development	IT implementation costs	Other intangibles	Total
Year ended December 31, 2021						
Opening net book amount	1,106.7	23.2	3.7	20.8	5.8	1,160.2
Additions	0.0	0.0	0.1	7.0	5.2	12.3
Transfers	0.0	0.0	1.1	0.1	(0.9)	0.3
Disposals	0.0	0.0	(0.1)	(0.0)	0.0	(0.1)
Amortization expense	0.0	(1.6)	(1.0)	(8.2)	(0.0)	(10.8)
Impairment	(66.1)	(7.1)	(2.1)	(0.5)	(0.5)	(76.3)
Exchange differences	(0.7)	0.8	0.0	(0.0)	0.0	0.1
Closing carrying amount	1,039.9	15.4	1.7	19.2	9.5	1,085.7
At December 31, 2021						
Cost	1,106.8	31.2	5.5	62.2	23.7	1,229.3
Accumulated amortization and impairment	(66.9)	(15.8)	(3.8)	(43.0)	(14.1)	(143.6)
Carrying amount	1,039.9	15.4	1.7	19.2	9.5	1,085.7

The decrease compared to prior year is mostly due to the reclassification to assets held for sale.

Brands in 2021 represent the capitalization of some of the brands acquired through the acquisitions of Grupo Mabe and Ontex Brazil. The impairment recognized in 2021 resulted mainly from the goodwill impairment test carried out on the Brazilian business.

Capitalized IT implementation costs represent internally developed and externally purchased software for own use.

The impairment recognized in 2022 results mainly from the goodwill impairment test carried out on the Russian business, see below for more information.

The amortization expense is included in the captions of the consolidated income statement as follows:

in € million	2022	2021*
Cost of sales	0.1	0.0
General and administrative expenses	9.1	8.5
Total amortization expense	9.2	8.6

* The amortization expense for 2021 in the above table deviates from the depreciation expense in the roll forward table of 2021 due to the reclassification of the Emerging Markets to discontinued operations for an amount of €2.2 million.

The Group incurred €11.8 million of research and development expenses in 2022 (2021: €8.7 million) that has been recorded under the caption 'General and administrative expenses'.

No intangible assets have been pledged in the context of financial liabilities.

7.9.1. Goodwill

History

At the end of 2010, Ontex was acquired from Candover by Goldman Sachs Capital Partners and TPG Capital, both holding 50% of the shares of the new Ontex top-holding company. At the time of the acquisition, the net assets of Ontex were negative which resulted in the generation of goodwill of €841.5 million.

In 2013, Ontex acquired Serenity, a company operating in the adult incontinence market in Italy. This acquisition resulted in the recognition of a goodwill of €18.6 million.

In February 2016, Ontex acquired Grupo Mabe, a leading Mexican manufacturer of disposable personal hygiene products. This major acquisition resulted in the recognition of a goodwill for €236.1 million, which was denominated in Mexican peso and US dollars.

In March 2017, Ontex has completed the acquisition of the personal hygiene business of Hypermarchas (renamed to "Ontex Brazil"). This resulted in a goodwill of €128.3 million, which was denominated in Brazilian real.

Following its strategic review announced end of 2021 and formalized beginning of 2022, the Group announced it will pursue divestment opportunities for the activities located in the "Emerging Markets". "Emerging Markets" are primarily driven by own brands and essentially groups the Central and South American activities, as well as those in the Middle East and Africa. Following this strategy, €170.6 million of goodwill was reclassified to assets held for sale.

Goodwill impairment

Considering the renewed strategy of the Group to refocus its activities on Europe and North America, the Group has reviewed the cash-generating units and has determined the following cash-generating units for the purpose of the goodwill impairment testing:

- Europe
- Russia
- North America

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

Due to the current economic performance of the Group and the modified strategy, the Group has performed an impairment test on a more frequent basis during 2022. The test at half year 2022 revealed that an impairment loss should be recognized on the CGU "Russia". The test at year-end did not lead to any additional impairment.

The judgments and estimates considered in the context of the impairment tests are disclosed in note 7.4.4.

Goodwill allocated to the CGUs as at December 31 was as follows:

in € million	2022	2021
Europe	743.1	818.0
North & Central America	N/A	205.1
North America	54.9	N/A
Middle East, Africa & Asia	N/A	16.7
Goodwill allocated to the CGU's	797.9	1,039.9

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

The recoverable amount of a CGU is determined by means of value-in-use calculations. These calculations are based on pre-tax cash flow projections (prepared in euros) using key parameters from the consolidated financial budget approved by Ontex' Board of Directors and the Group's Strategic Plan through 2025. Cash flows in 2026 are determined based on the average growth rate in the Group's Strategic Plan through 2025. Cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2.0% for both Europe and North America.

The key assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates, estimated changes to selling prices, product offerings, direct costs, operating margins and terminal growth rates. Climate-related matters were considered but did not have a material impact on the value-in-use calculation as explained in the Non-Financial Statements.

The discount rate is a measure based on industry average weighted cost of capital and risk-free rates weighted for the different regions in which the CGU's are operating.

Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on key parameters from the consolidated financial budget approved by the Board of Directors, the Group's Strategic Plan through 2025, and pre-tax discount rates for each CGU as described in note 7.4.4. Impairment based on current market assessments of the time value of money and the risks specific to the Group.

The development of the financial budget and Strategic Plan relies on a number of assumptions, including:

- The market growth, the evolution of the Group's market share, competitive landscape and innovation trends in the different markets as well as strategic initiatives.
- The product mix.
- The expected evolution of various direct and indirect expenses.
- The estimated future capital expenditure.

The assumptions were derived mainly from:

- Available historic data.
- External market research.
- Internal market expectations based on trend reports, etc.

The key assumptions used are reviewed and updated on a yearly basis by the Group's management. Taking into account the excess of the cash-generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2022.

The Group has performed a sensitivity analysis by reducing the risk-adjusted cash flow projections and by increasing the pre-tax discount rate as disclosed in note 7.4.4 Impairment.

7.10. PROPERTY, PLANT AND EQUIPMENT

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2022						
Opening carrying amount	121.4	396.9	1.0	0.6	53.6	573.4
Hyperinflation opening net book amount	0.0	6.4	0.0	0.0	0.0	6.5
Restated opening net book amount	121.4	403.3	1.0	0.6	53.6	579.9
Additions	4.9	33.6	0.3	0.1	7.0	45.9
Transfers	2.0	21.6	0.1	0.0	(23.2)	0.6
Disposals	(0.3)	(0.7)	0.0	0.0	(0.1)	(1.1)
Depreciation expense	(4.4)	(35.2)	(0.3)	(0.2)	0.0	(40.0)
Impairment	0.0	(4.1)	(0.0)	0.0	(0.2)	(4.4)
Capital grants received	0.0	(0.4)	0.0	0.0	0.0	(0.4)
Exchange differences	0.8	7.2	0.0	0.0	0.9	9.0
Reclassified as held for sale	(46.7)	(124.9)	(0.3)	(0.2)	2.5	(169.5)
Closing carrying amount	77.8	300.4	0.9	0.4	40.6	420.1
At December 31, 2022						
Cost	124.1	587.5	3.3	3.3	40.6	758.8
Accumulated depreciation and impairment	(46.3)	(287.1)	(2.3)	(2.9)	0.0	(338.7)
Carrying amount	77.8	300.4	0.9	0.4	40.6	420.1

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Period ended December 31, 2021						
Opening carrying amount	123.1	407.3	1.3	1.0	83.2	615.9
Additions	0.9	18.1	0.0	0.0	25.3	44.2
Transfers	1.0	54.1	0.0	0.1	(55.6)	(0.3)
Disposals	(1.2)	(0.3)	0.0	(0.1)	(0.1)	(1.7)
Depreciation expense	(5.7)	(46.0)	(0.4)	(0.5)	0.0	(52.5)
Impairment	(1.7)	(39.5)	(0.0)	0.0	(0.2)	(41.4)
Capital grants received	0.0	(0.2)	0.0	0.0	0.0	(0.2)
Exchange differences	2.3	3.2	(0.0)	0.0	1.0	6.5
Reclassified as held for sale	2.7	0.2	(0.0)	0.0	0.0	2.9
Closing carrying amount	121.4	396.9	1.0	0.6	53.6	573.4
At December 31, 2021						
Cost	171.7	743.6	3.5	3.9	53.6	976.3
Accumulated depreciation and impairment	(50.3)	(346.7)	(2.5)	(3.4)	0.0	(402.9)
Carrying amount	121.4	396.9	1.0	0.6	53.6	573.4

The additions to property, plant and equipment represent mainly investments in capacity extension, investments in innovation, investments to improve the efficiency and IT investments.

The decrease compared to prior year is mainly linked to the reclassification to assets held for sale.

Impairment losses in 2022 are limited to €4.4 million and is related to an expected decreased utilization rate on some machinery. In 2021, impairment losses consisted for an amount of €18.4 million to the impairment performed on the business in Brazil and additional impairment losses recognized on idle machinery because of the economic downturn in certain of our geographies.

The depreciation expense is included in the consolidated income statement as follows:

in € million	2022	2021*
Cost of Sales	34.3	33.0
Distribution expenses	1.3	1.4
Sales and marketing expenses	0.1	0.1
General administrative expenses	2.4	2.4
Other operating income	1.8	1.5
Total depreciation expense	40.0	38.4

* The depreciation expense for 2021 in the above table deviates from the depreciation expense in the roll forward table of 2021 due to the reclassification of the Emerging Markets to discontinued operations for an amount of €14.2 million.

No pledges have been set on the items of property, plant and equipment, except for some machinery in the context of local borrowings.

7.11. LEASES

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2022				
Opening carrying amount	87.4	4.0	10.5	102.0
Hyperinflation opening net book amount	0.7	0.0	0.0	0.7
Restated opening net book amount	88.1	4.0	10.5	102.7
Additions	40.3	0.6	3.3	44.2
Transfers	(0.0)	(0.7)	0.0	(0.7)
Disposals	(0.5)	0.0	(0.0)	(0.6)
Depreciation expense	(15.8)	(1.3)	(4.1)	(21.2)
Impairment	(3.2)	0.0	0.0	(3.2)
Modifications to lease liabilities	(2.0)	(0.1)	(0.5)	(2.5)
Exchange differences	2.6	(0.0)	0.1	2.7
Reclassified as held for sale	(9.5)	(0.1)	(1.7)	(11.3)
Closing carrying amount	100.1	2.5	7.5	110.1
At December 31, 2022				
Cost	156.8	6.7	16.5	180.0
Accumulated depreciation and impairment	(56.8)	(4.2)	(9.0)	(69.9)
Carrying amount	100.1	2.5	7.5	110.1

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Total
Period ended December 31, 2021				
Opening carrying amount	108.8	6.2	11.8	126.8
Additions	2.5	0.2	4.5	7.2
Depreciation expense	(16.3)	(2.3)	(5.8)	(24.4)
Impairment	(5.0)	0.0	0.0	(5.0)
Modifications to lease liabilities	(3.5)	(0.1)	0.3	(3.3)
Exchange differences	0.9	0.0	(0.3)	0.7
Closing carrying amount	87.4	4.0	10.5	102.0
At December 31, 2021				
Cost	138.6	11.4	25.5	175.5
Accumulated depreciation and impairment	(51.1)	(7.4)	(14.9)	(73.4)
Carrying amount	87.4	4.0	10.5	102.0

The Group leases mainly plants and warehouses (lease terms between 3 and 25 years), machinery (lease terms of 5 years on average) and company cars (lease terms between 4 and 5 years).

For the lease of land and buildings, the Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. As at December 31, 2022, potential future cash outflows of €17.8 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (2021: €21.4 million).

The consolidated income statement presents the following amounts relating to leases:

in € million	2022	2021*
Cost of Sales	7.2	6.0
Distribution expenses	8.8	7.2
Sales and marketing expenses	1.3	1.3
General administrative expenses	3.3	4.3
Other operating income/(expenses)	0.6	0.0
Total depreciation expense	21.2	18.7
Interest expense	4.3	3.2
Expense relating to short-term leases	14.6	11.3
Expense relating to leases of low-value assets	0.3	0.4
Expense relating to variable lease payments	3.7	3.3

* The depreciation expense for 2021 in the above table deviates from the depreciation expense in the roll forward table of 2021 due to the reclassification of the Emerging Markets to discontinued operations for an amount of €5.7 million.

The lease liabilities are detailed in note 7.17.

7.12. INVENTORIES

Inventories can be split as follows:

in € million	December 31, 2022	December 31, 2021
Raw materials	148.7	178.8
Work in progress	0.8	1.6
Finished goods	122.6	188.6
Other	5.1	7.5
Write-down on inventories	(12.9)	(17.8)
Inventories	264.3	358.7

The Group mainly uses fluff, super-absorbers and non-woven fabrics. Other raw materials used by the Group for its production include polyethylene, adhesives and tapes as basic raw materials. The finished products are baby diapers, baby pants, towels, tampons, panty liners, incontinence products and trade goods.

The cost of inventories recognized as an expense and included under 'Cost of sales' amounted to €1,294.7 million in 2022 (€1,510.4 million in 2021). The amount for 2021 consists of the full group and does not take into account the reclassification to discontinued operations as the statement of financial position figures at December 31, 2021 were not restated.

7.13. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER RECEIVABLES

The current trade and other receivables are detailed below:

in € million	December 31, 2022	December 31, 2021
Trade receivables	195.9	278.4
Less: allowance for impairment of trade receivables	(4.1)	(8.6)
Trade receivables - net	191.8	269.8
Prepayments	4.8	8.7
Other amounts receivable	32.1	60.5
Prepaid expenses and other receivables	36.8	69.2
Trade and other receivables - Current	228.6	339.0

Other amounts receivable include recoverable VAT for an amount of €29.4 million for 2022 (2021: €55.9 million). The decrease compared to prior year is explained by the reclassification to assets held for sale of the Emerging Markets. The fair value of the current receivables approximates their carrying amounts.

The aging of the trade receivables (net) at December 31 is as follows:

in € million	December 31, 2022	December 31, 2021
Not due	164.7	223.6
0 to 30 days	16.6	21.2
31 to 60 days	4.4	8.0
61 to 90 days	1.5	6.7
Over 90 days	4.5	10.2
Total	191.8	269.8

The Group doesn't apply systematically external credit rating.

The carrying amount of the Group's trade receivables (net) are denominated in the following currencies:

in € million	December 31, 2022	December 31, 2021
EUR	71.8	70.6
PLN	34.5	35.0
USD	29.3	32.9
GBP	26.9	19.2
RUB	16.5	13.4
BRL	-	33.1
MXN	-	27.2
DZD	-	10.1
TRY	-	9.2
Other	12.8	18.9
Total	191.8	269.8

During the year, the payment terms for the receivables have neither deteriorated nor been renegotiated that affect the overall payment terms. The maximum credit risk exposure at the end of the reporting period is the carrying value of each caption of receivables mentioned above. The Group does not hold any collateral as security.

An impairment analysis of trade receivables is done based on expected losses, next to individual assessments, but there are no significant impairments.

Movements on the Group allowance for impairment of trade receivables are as follows:

in € million	December 31, 2022	December 31, 2021
Opening Balance	8.6	8.2
Allowance for receivable impairment	0.3	1.3
Receivables written off during the year as uncollectible	(0.3)	(0.1)
Unused amounts reversed	(0.1)	(0.9)
Foreign exchange differences	0.1	0.1
Reclassified as held for sale	(4.4)	-
At December 31	4.1	8.6

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The creation and the release of the allowance for impaired receivables have been included in 'Sales and marketing expense' in the income statement.

The Group has a long term, standing non-recourse syndicate factoring agreement with BNP Paribas Fortis Factor and KBC Commercial Finance. The Agreement provides us with a maximum credit facility of up to €200.0 million and up to 95% of the amount of the approved outstanding receivables on all debtors that we transfer to the Factor. The remaining 5% of the relevant receivables is paid by the Factor to us upon receipt of payment from the relevant debtor, upon which also the remaining balance of the receivable is derecognized. Financing per debtor is capped at 10% of the aggregate amount of all approved outstanding receivables transferred to the Factor. Any financing within the credit limit is non-recourse to us.

Next to the above-mentioned Group factoring agreement a number of local non-recourse agreements are in place at local level. Bilateral factoring agreements are in place for Serenity (Italian subsidiary) with Ifitalia, Banca Sistema and BFF, and Ontex Russia has agreements with AK BARS BANK PJSC.

As at December 31, 2022, €165.5 million of financing was obtained through the factoring programs (€146.6 million in 2021), this is in addition to €3.4 million of financing which was obtained through the use of supply chain financing programs offered by our customers. The late payment risk related to the factoring has been assessed as immaterial at closing 2022 and 2021.

In accordance with IFRS 9 *Financial instruments*, all non-recourse trade receivables, included in these factoring programs, are derecognized for the non-continuing involvement part.

7.14. CASH AND CASH EQUIVALENTS

The net cash position as presented in the consolidated statement of cash flows is as follows:

in € million	December 31, 2022	December 31, 2021
Short-term bank deposits (no longer than 3 months)	15.4	58.3
Cash at bank and on hand	133.7	188.4
Total	149.1	246.7

The carrying amount of the cash and cash equivalents is a reasonable approximation of their fair value.

Ontex Russia has cash that can only be used to a certain extent by other entities within the group but is accessible on demand by the subsidiary and is therefore included in cash and cash equivalents in the statement of financial position.

The credit quality of the banks and financial institutions the Group is working with is mentioned in the following table:

in € million	December 31, 2022	December 31, 2021
AA	1.6	1.7
A	142.8	209.5
BBB	1.1	5.3
BB	1.4	17.9
B	-	7.5
No credit rating	2.2	4.8
Total	149.1	246.7

7.15. SHARE CAPITAL

The capital of €1,208.0 million is represented by 82,347,218 (authorized) shares, of which 1,270,500 treasury shares (2021: 1,381,140 treasury shares). As such, the ordinary shares held by third parties amount to 81,076,718 shares (2021: 80,966,078).

The issued capital is fully paid and consists of ordinary shares without par value.

7.16. EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The number of shares used for 2022 was 81,030,032, which is the weighted average number of shares for 2022 (2021: 80,950,106 shares).

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

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

in € million	Full Year	
	2022	2021*
Basic earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	(148.7)	(19.5)
Profit/loss attributable to equity holders of the Company	(270.3)	(61.9)
Diluted earnings		
Profit/(loss) from continuing operations attributable to equity holders of the Company	(148.7)	(19.5)
Profit/loss attributable to equity holders of the Company	(270.3)	(61.9)
Adjusted Basic Earnings		
Profit from continuing operations attributable to equity holders of the Company	(148.7)	(19.5)
EBITDA adjustments	103.0	59.7
Tax correction	(4.4)	(15.5)
Adjusted Basic Earnings	(50.1)	24.7
Adjustment dilution	-	-
Adjusted Earnings, after dilution effect	(50.1)	24.7

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

Number of Shares	Full Year	
	2022	2021
Weighted average number of ordinary shares outstanding during the period	81,030,032	80,950,106
Dilution	285,935	230,027

Earnings per share (€)	Full Year	
	2022	2021
For continuing operations		
Basic earnings per share	(1.83)	(0.24)
Diluted earnings per share	(1.83)	(0.24)
Adjusted basic earnings per share	(0.62)	0.30
Adjusted diluted earnings per share	(0.62)	0.30
For continuing and discontinued operations		
Basic earnings per share	(3.34)	(0.76)
Diluted earnings per share	(3.34)	(0.76)

A weighted average number of 3,377,976 options were not included in the denominator of the diluted earnings per share as they were out-of-the-money at year-end 2022 (2021: 2,320,425 options).

7.17. INTEREST-BEARING DEBTS

in € million	December 31, 2022	December 31, 2021
Non-current		
Borrowings:	791.4	793.1
<i>Senior Notes</i>	573.8	572.1
<i>Syndicated Term Loan A > 1 year</i>	217.3	216.3
<i>Other borrowings</i>	0.2	4.6
Lease and other liabilities	100.4	92.1
<i>Lease liabilities</i>	100.4	92.1
Interest-bearing debts non-current	891.7	885.2
Current		
Borrowings:	125.4	56.4
<i>Senior revolving Facility B</i>	115.0	-
<i>Other borrowings</i>	-	14.8
Interests:		
<i>Other borrowings</i>	10.4	10.4
<i>Total return swap</i>	-	31.2
Lease and other liabilities	20.0	30.6
<i>Lease liabilities</i>	20.0	21.5
<i>Other financial liabilities</i>	(0.0)	9.1
Interest-bearing debts current	145.4	87.0
Total interest-bearing debts	1,037.1	972.2

All borrowings are denominated in € as of December 31, 2022.

On June 23, 2021 the Group refinanced its syndicated credit facilities agreement (Syndicated Term Loan A) for an amount of €220.0 million, and a revolving credit facility (Senior Revolving Facility B) in an amount of up to €250.0 million. In addition, it issued a 5-year High Yield Bond ('Senior Notes') in an amount of €580.0 million with a coupon of 3.50%. The Syndicated Term Loan A of € 220.0 million due 2024 is carrying an interest rate of EURIBOR 3 months + margin of 3.90% (subject to the leverage). The Senior Revolving Facility due 2024 is carrying an interest rate of EURIBOR + margin of 3.60% (subject to the leverage), and was utilized for €115.0 million at closing 2022.

On July 29, 2015, a full hedging program (total return swap) for the share-based payment arrangements (LTIP) was implemented. For more information, see note 7.5.6 and 7.28. This program was stopped in 2022.

The following table reconciles the movements of the financial liabilities to the cash flows arising from financing activities:

December 31, 2022	Opening carrying amount	Cash flows	Non-cash movements				Closing carrying amount	Of which held for sale
in € million			Acquisition	Exchange differences	Reclasses	Other		
Non-current interest-bearing debts								
Borrowings	793.1	(0.4)	-	(0.8)	(1.1)	2.6	793.4	(2.0)
Lease and other liabilities	92.1	(25.0)	44.8	4.3	(1.6)	0.6	115.2	(14.8)
Current interest-bearing debts							-	
Borrowings	56.4	75.9	-	0.7	1.1	-	134.1	(8.7)
Lease and other liabilities	30.6	1.0	-	0.2	1.6	0.0	33.5	(13.5)
Total liabilities from financing activities	972.2	51.5	44.8	4.4	0.0	3.2	1,076.1	(39.0)
<i>Presented in the statement of cash flows (financing activities) as follows:</i>								
Proceeds from borrowings		133.2						
Repayment of borrowings		(81.7)						

December 31, 2021	Opening carrying amount	Cash flows	Non-cash movements				Closing carrying amount	Of which held for sale
in € million			Acquisition	Exchange differences	Reclasses	Other		
Non-current interest-bearing debts								
Borrowings	800.4	33.9	-	(0.1)	(48.2)	7.1	793.1	-
Lease and other liabilities	111.0	(22.7)	7.2	1.3	0.2	(4.9)	92.1	-
Current interest-bearing debts								
Borrowings	341.1	(341.9)	-	0.2	48.2	8.8	56.4	-
Lease and other liabilities	25.2	5.4	-	0.2	(0.2)	-	30.6	-
Total liabilities from financing activities	1,277.7	(325.3)	7.2	1.7	0.0	10.9	972.2	-
<i>Presented in the statement of cash flows (financing activities) as follows:</i>								
Proceeds from borrowings		799.3						
Repayment of borrowings		(1,124.7)						

7.17.1. Collateral for borrowings

The Group is subject to regular information covenants, and certain financial ratios are monitored. At year-end 2022 and 2021, all covenants were met.

No assets have been pledged in the context of the syndicated term loans. However, certain subsidiaries act as guarantors for these loans. For local borrowings, some machinery are pledged.

7.17.2. Other information

Serenity SPA has a total of €62.0 million lines of credit available, of which €19.5 million has been used through the issuance of external bank guarantees:

- €30.0 million from UniCredit
- €25.0 million from UBI
- €7.0 million from BNL

A line of credit of AUD 1.0 million has been granted to Ontex Manufacturing Pty Ltd by Commonwealth Bank Australia, of which AUD 0.4 million has been used.

For Ontex BV, a bank guarantee issued by BNL is in place for €2.5 million in favor of the Italian Custom Agency as at December 31, 2022.

7.18. EMPLOYEE BENEFIT LIABILITIES

The Group grants its working and retired personnel post-employment benefits, long-term benefits, and termination benefits. These benefits have been valued in conformity with IAS 19. The related IAS 19 liability recognized in the statement of financial position can be analyzed as follows:

in € million	December 31, 2022	December 31, 2021
Post-employment benefits	12.5	20.1
Long-term benefits	1.1	1.9
Employee benefit liabilities	13.5	22.0
Short-term employee benefit liabilities	40.4	46.2
Net liability	54.0	68.2

The calculation of the liability is based on actuarial assumptions that have been determined on the various statement of financial position dates. They are based not only on macro-economic factors valid for the dates in question but also on the specific characteristics of the various schemes evaluated. They represent the Group's best estimate for the future. They are periodically reviewed in accordance with the evolution of the markets and available statistics.

Post-employment benefits

Ontex makes payments on a defined contribution basis to both state and private pension arrangements across our operations. In addition, Ontex operates a defined benefit insurance scheme in Belgium and Ontex also has an obligation to make severance payments to employees upon their retirement in France.

Ontex also operates several unfunded pension arrangements in respect of our German operations. The German operations do not fund the pension arrangements but reflect pension scheme liabilities in company accounts on an IAS 19 basis. The pension benefits are paid by the relevant company as they fall due.

The Group operates a couple of defined contribution (DC) plans which receive fixed contributions. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions amounts to €4.1 million (see also note 7.22 below; 2021: €4.9 million). The 2021 amount has been restated following the classification of the Emerging Markets as discontinued operations.

In Belgium, the defined contribution (DC) plans are subject to a minimum guaranteed rate of return by law and are hence treated as defined benefit (DB) plans. In practice, this guarantee is mainly covered by insurance companies. As there is no deficit as per December 31, 2022, no liability has been recognized (2021: nil). The accumulated reserves of these plans are equal to the assets. There are no risks to which the plan exposes the entity, focusing on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk.

Reconciliation of the post-employment employee benefit liabilities

in € million	December 31, 2022	December 31, 2021
RECOGNITION OF THE OBLIGATION		
Defined benefit obligation (DBO) at end of period	(26.2)	(33.6)
Fair value of plan assets at end of period	15.2	14.7
Funded status	(11.1)	(18.9)
Net (liability)/asset in statement of financial position	(11.1)	(18.9)
Defined benefit cost		
Current service cost	(2.2)	(3.2)
Past service cost	-	0.7
Service cost recognized in Income Statement	(2.2)	(2.6)
Interest expense on DBO	(0.3)	(0.4)
Interest income on plan assets	0.2	0.1
Net interest cost	(0.2)	(0.2)
Pension expense	(2.4)	(2.8)

in € million	December 31, 2022	December 31, 2021
RECONCILIATION OF THE OBLIGATION		
Defined benefit obligation (DBO) at beginning of year	(33.6)	(36.3)
Transfer to liability held for sale	2.4	-
Current service cost	(2.2)	(3.2)
Past service cost	-	0.7
Service cost	(2.2)	(2.6)
Interest expense on DBO	(0.3)	(0.4)
Participant contributions	(0.1)	(0.1)
Administrative expenses included in the DBO	0.1	0.1
Taxes included in the DBO	0.1	0.2
Benefit payments from plan	0.4	0.2
Benefit payments from employer	0.5	0.5
Effect of changes in financial assumptions	5.4	2.5
Effect of experience adjustments	1.1	2.0
Effect of changes in foreign exchange rates	-	0.3
Defined benefit obligation (DBO) at end of year	(26.2)	(33.6)
RECONCILIATION OF PLAN ASSETS AT FAIR VALUE		
Fair value of plan assets at beginning of year	14.7	13.5
Transfer to liability held for sale	(0.4)	-
Interest income	0.2	0.1
Employer contribution	1.6	1.9
Plan participants' contributions	0.1	0.1
Benefit payments from plan	(0.4)	(0.2)
Benefit payments from employer	(0.5)	(0.5)
Administrative expenses included in the DBO	(0.1)	(0.1)
Taxes paid from plan assets	(0.1)	(0.2)
Return on plan assets (excluding interest income)	0.0	0.1
Fair value of plan assets at end of year	15.2	14.7

in € million	December 31, 2022	December 31, 2021
RECONCILIATION OF NET (LIABILITY)/ASSET IN STATEMENT OF FINANCIAL POSITION		
Net (liability)/asset at beginning of year	(18.9)	(22.8)
Transfer to liability held for sale	2.0	-
Defined benefit cost included in the income statement	(2.2)	(2.6)
Net interest expense	(0.2)	(0.2)
Total remeasurements included in OCI	6.5	4.6
Employer contributions	1.6	1.9
Effect of changes in foreign exchange rates	-	0.3
Net (liability)/asset at end of year	(11.1)	(18.9)
Unfunded versus Funded		
Part of DBO from plans that are wholly unfunded	(11.1)	(18.9)

The plan assets consist of insurance contracts.

Expected contributions to post-employment benefit plans for the year ending December 31, 2023 are €1.5 million.

Significant actuarial assumptions

December 31, 2022	COUNTRY			
	Belgium	Germany	France	Italy
Discount rate	3.55%	3,35% / 3,30% / 3,55%	3.35%	3.45%
Expected Interest Income	3.55%	3,35% / 3,30% / 3,55%	3.35%	3.45%
Salary increase rate (on top of inflation)	3.50%	0.00% / N/A / N/A	3.50%	N/A
Rate of inflation	2.25%	2,25% / 0,00% / 2,25%	2.55%	2.50%
Mortality table	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2017/2019	IPS55
Turnover table/rates	None	Only Jubilee: 10% of employees 60 years old and younger	Client's table by category	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A
Weighted average durations	12.7	11.3	11.6	10.6

December 31, 2021	Turkey	Mexico	Pakistan	COUNTRY Belgium	Germany	France	Italy
Discount rate	19.60%	7.76%	10.75%	1.20%	0,70% / 0,90% / 1,00%	0.95%	0.90%
Expected Interest Income	19.60%	7.76%	10.75%	1.20%	0,70% / 0,90% / 1,00%	0.95%	0.90%
Salary increase rate (on top of inflation)	13.00%	4.54%	10.75%	3.25%	0.00% / N/A / N/A	2.50%	N/A
Rate of inflation	13.00%	4.00%	8.98%	1.75%	1,75% / 0,00% / 1,75%	1.75%	1.50%
Mortality table	C.S.O. 1980	EMSSA09	State Life Insurance Corporation (SLIC) 2001-2005	MR FR with age correction minus 5 years	Heubeck 2018 G	INSEE 2016/2018	IPS55
Turnover table/rates	Company specific	Based on company experience	3.7%	None	Only Jubilee: 10% of employees 60 years old and younger	Client's table by category	5% p.a. flat up to age 50 and 2% p.a. flat from age 51 to retirement including an allowance for advance payments
Disability table/rates	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average durations	7.3	13.8	53.7	16.2	8.9	12.6	10.4

There are no unusual entity-specific or plan-specific risks to which the plan exposes the entity, neither are there any significant concentrations of risk.

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

in € million	December 31, 2022			
	Belgium	Germany	France	Italy
Discount rate - 0,25bp	(17.5)	(6.8)	(1.7)	(1.6)
Discount rate + 0.25bp	17.2	6.5	1.6	1.6
Salary increase - 0.25bp	(0.1)	(5.9)	(1.6)	(1.6)
Salary increase + 0.25bp	0.1	5.9	1.7	1.6

in € million	December 31, 2021						
	Turkey	Mexico	Pakistan	Belgium	Germany	France	Italy
Discount rate - 0,25bp	(0.9)	(1.5)	(0.5)	(21.3)	(9.4)	(1.9)	(1.9)
Discount rate + 0.25bp	0.8	1.4	0.4	19.7	9.0	1.8	1.8
Salary increase - 0.25bp	(0.8)	(1.5)	(0.4)	(20.3)	(9.2)	(1.8)	(1.8)
Salary increase + 0.25bp	0.9	1.5	0.5	20.6	9.2	1.9	1.8

Post-Employment Benefits by Country

in € million	December 31, 2022			
	Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION				
Defined benefit obligation (DBO) at end of period	(16.5)	(6.5)	(1.6)	(1.6)
Fair value of plan assets at end of period	15.2	-	-	-
Funded status	(1.3)	(6.5)	(1.6)	(1.6)
Net (liability)/asset in statement of financial position	(1.3)	(6.5)	(1.6)	(1.6)

in € million	December 31, 2021						
	Turkey	Mexico	Pakistan	Belgium	Germany	France	Italy
RECOGNITION OF THE OBLIGATION							
Defined benefit obligation (DBO) at end of period	(0.6)	(1.5)	(0.4)	(19.2)	(8.3)	(1.8)	(1.8)
Fair value of plan assets at end of period	-	-	0.4	14.4	-	-	-
Funded status	(0.6)	(1.5)	(0.0)	(4.9)	(8.3)	(1.8)	(1.8)
Net (liability)/asset in statement of financial position	(0.6)	(1.5)	(0.0)	(4.9)	(8.3)	(1.8)	(1.8)

7.19. DEFERRED TAXES AND CURRENT TAXES

7.19.1. Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same fiscal authority. The deferred tax assets and liabilities are attributable to the following items:

in € million	December 31, 2022		December 31, 2021	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Intangible assets	1.1	-	-	(0.9)
Property, plant and equipment	-	(45.4)	-	(40.7)
Leases	19.5	(14.9)	22.7	(19.8)
Inventories	2.8	-	1.7	-
Financial instruments	0.0	-	35.8	(36.6)
Employee benefits	3.1	-	5.8	-
Accrued expenses and other payables	3.9	-	8.9	-
Others	-	(0.1)	2.5	-
Tax losses	126.0	-	162.6	-
Tax credit	15.9	-	9.4	-
Deferred tax assets & liabilities - Gross	172.4	(60.3)	249.3	(98.0)
Net deferred tax assets not recognized	(121.2)	-	(154.1)	-
Offsetting	(39.0)	39.0	(75.5)	75.5
Deferred tax assets & liabilities - Net	12.1	(21.3)	19.7	(22.5)

Deferred tax assets are recognized on temporary differences, tax attributes carried forward and tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The tax losses carried forward mainly relate to France, Belgium and Spain. In Belgium and France, deferred tax assets have been recognized on tax losses carried forward considering the expected taxable profits in the foreseeable future.

The Group did not recognize deferred tax assets for an amount of €121.2 million (2021: €154.1 million) on the tax losses carried forward. Tax losses can in principle be carried forward indefinitely.

The Group did not recognize deferred taxes associated with investments in subsidiaries. There is currently no policy or detailed plan in relation to the payment of dividends within the Group.

7.19.2. Current taxes

in € million	December 31, 2022	December 31, 2021
Current tax assets	5.0	15.0
Current tax liabilities	(23.0)	(31.8)

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include an amount of €14.8 million actual corporate taxes payable (2021: €19.5 million) and €8.2 million of provision for uncertain taxes (2021: €12.3 million).

7.20. CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities (excluding provisions, income tax liabilities, financial liabilities and liabilities directly associated with non-current assets intended for sale) can be presented as follows:

in € million	December 31, 2022	December 31, 2021
Accrued expenses and other payables	22.6	39.0
Current accrued expenses and other payables	22.6	39.0
Trade payables	405.3	532.6
Employee benefit liabilities	40.4	46.2
Total current liabilities	468.3	617.8

7.21. PROVISIONS

in € million	Legal claims	Restructuring	Other	Total
Opening Balance	7.9	24.5	0.2	32.6
Additional provisions	0.2	0.5	0.0	0.7
Unused amounts reversed	(0.1)	(1.2)	-	(1.3)
Used during the year	(0.1)	(22.6)	(0.1)	(22.9)
Reclassified as held for sale	(1.1)	(0.1)	-	(1.2)
As at December 31, 2022	6.8	1.1	0.1	8.0
<i>Of which current</i>	<i>6.8</i>	<i>1.1</i>	<i>0.1</i>	<i>8.0</i>

The restructuring provisions used in 2022 was recognized in 2021 and related to the strategic review of the geographical footprint, launched at year-end 2020 and confirmed in 2021. The provision mainly included termination benefits.

The Group recognizes a provision for certain legal claims filed against the Group by customers, suppliers or former employees.

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

rejected by judgement of September 2022. Ontex has filed a subsequent request demanding correction of the judgement that rejected Ontex's appeal and will consider further steps once the request has been processed. As per December 31, 2016, a provision amounting to €5.2 million has been accounted for. The provision has not been adjusted per December 31, 2022.

7.22. EMPLOYEE BENEFIT EXPENSES

in € million	Full Year	
	2022	2021*
Wages and salaries	(193.7)	(185.8)
Social security costs	(44.8)	(45.7)
Defined benefit plans - Service cost	(2.2)	(2.4)
Defined contribution costs	(4.1)	(4.9)
Other employee benefit expenses	(40.8)	(33.3)
Total employee benefit expenses	(285.6)	(272.2)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €81.1 million.

The FTEs listed in the table below only contains the employees part of the continuing operations and therefore deviates significantly from the number of employees included in section 1.2.

In Full-Time Equivalents	2022	2021*
Average number of total employees	5,351	5,370
Of which:		
- workers	3,323	3,486
- employees	1,966	1,824
- management	62	59

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of 3.974 average number of total employees.

7.23. OTHER OPERATING INCOME/(EXPENSES), NET

in € million	Full Year	
	2022	2021*
Foreign exchange differences on operating activities	8.5	(1.9)
Losses on sale of assets	(0.6)	(0.0)
Other income/(expenses)	(2.8)	(5.0)
Total other operating income/(expense), net	5.1	(7.0)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having a negative impact of €1.4 million.

“Other income/(expenses)” consists mainly of depreciation expenses on idle equipment and machinery and pension expenses.

7.24. EBITDA ADJUSTMENTS

in € million	Full Year	
	2022	2021*
Business restructuring	(10.8)	(33.0)
Acquisition and disposal of businesses	(0.3)	(1.1)
Refinancing	-	(0.1)
Income and expenses related to changes to Group structure	(11.2)	(34.2)
Impairment of assets	(91.0)	(23.5)
Litigation and legal claims	(0.2)	(3.2)
Other	(0.6)	1.2
Income and expenses related to impairments and major litigations	(91.8)	(25.5)
Total EBITDA adjustments	(103.0)	(59.7)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €25.1 million

Items classified under the heading EBITDA adjustments are those items that are considered by management not to relate to items in the ordinary course of activities of the Company. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

These items are presented as follows in the consolidated income statement as follows:

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

7.24.1. Income and expenses related to changes to Group structure

Restructuring

In 2021, the cost relates to the restructuring expenses in the context of the redistribution/re-allocation of production capabilities and the strategic review of the geographical footprint of the Group. As such, the Company decided to downsize some production capacity which has been announced to the relevant stakeholders and incurred costs for a total amount of €26.4 million in 2021, of which €23.8 million was recognized as a restructuring provision during 2021. Costs related to this exercise amounted to €5.4 million in 2022.

The Group announced in the fourth quarter of 2020 an in-depth review of the Group's overhead cost structure. The costs incurred in 2021 amount to €7.5 million.

The difference with the figures included in the annual report of 2021 is explained by the part related to the Emerging Markets.

7.24.2. Income and expenses related to impairments and major litigations

Impairment of assets

In 2022, the impairment losses mainly include the impairment of goodwill related to the Russian business (€84.1 million) and also some impairment losses on idle machinery.

In 2021, the impairment losses mainly include the impairment losses on idle machinery.

Litigation and claims

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

7.25. EXPENSES BY NATURE

Expenses by nature represent an alternative disclosure for amounts included in the consolidated income statement. There are classified under 'Cost of sales', 'Distribution expenses', 'Sales and marketing expenses', 'General administrative expenses' and 'Other operating income / expense (net)' in respect of the years ended December 31:

in € million	Note	Full Year	
		2022	2021*
Changes in inventories		2.8	(2.8)
Raw materials and consumables purchased		(1,048.1)	(777.0)
Employee benefit expenses	22	(285.6)	(272.2)
Depreciation and amortization	9, 10, 11	(70.4)	(65.7)
Rendered services		(223.9)	(178.5)
Lease expenses	11	(18.5)	(15.0)
Other income / (expenses)	23	5.1	(7.0)
Total cost of sales, distribution expenses, sales and marketing expenses, general administrative expenses and other operating income / (expense)		(1,638.6)	(1,318.1)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €623.7 million.

7.26. NET FINANCE COST

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

in € million	Full Year	
	2022	2021*
Interest income on current assets	0.8	0.6
Other	0.0	(0.0)
Finance income	0.8	0.6
Interest expense on group borrowings	(30.6)	(21.7)
Amortization of borrowing expenses	(2.7)	(7.1)
Interest expense on other borrowings and other liabilities	(8.4)	(6.0)
Interest expense	(41.7)	(34.7)
Banking cost	(1.1)	(1.3)
Factor fee	(1.1)	(1.2)
Losses on derivatives and deports forward contracts	(3.2)	(0.3)
Other	(2.3)	(2.1)
Finance cost	(49.3)	(39.6)
Finance income as per income statement	0.8	0.6
Finance expense as per income statement	(49.3)	(39.6)
Net exchange differences relating to financing activities	(2.4)	(2.5)
Net finance cost as per income statement	(50.9)	(41.5)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €1.1 million

The interest expense on other borrowings and other liabilities includes also the interest expense on lease liabilities as disclosed in note 7.11.

7.27. INCOME TAX EXPENSE

The income tax (charged)/credited to the income statement during the year is as follows:

in € million	Full Year	
	2022	2021*
Current tax (expense) / income	(16.3)	(12.4)
Deferred tax (expense) / income	(12.1)	3.5
Total income tax expense	(28.4)	(8.9)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €9.1 million.

The income tax expense can be reconciled as follows:

in € million	Full Year	
	2022	2021*
Profit/(loss) before income tax	(120.3)	(10.6)
Income tax expense calculated at domestic tax rates	27.1	2.6
Disallowed expenses	(2.6)	(4.1)
Tax-exempt income	1.0	1.3
Impairment of goodwill	(19.3)	-
Write-off of previously recognized deferred tax assets on losses	(12.0)	(10.1)
Current year tax losses not recognized as deferred tax asset	(23.4)	(1.4)
Recognition of previously unrecognized deferred tax assets on losses	1.6	0.4
Adjustments in respect of prior year	(1.5)	0.7
Difference in statutory tax rates	-	(0.2)
Exchange rate differences	-	0.1
Other	0.8	1.8
Total income tax expense	(28.4)	(8.9)

* The 2021 consolidated income statement has been restated following the classification of the Emerging Markets as discontinued operations having an impact of €9.1 million.

7.28. SHARE-BASED PAYMENTS

Since September 2014 the Company implemented yearly Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options (further 'Options') and restricted stock units (further 'RSU's'). In 2019 the long-term incentive plan changed in a combination of RSU's, Options and Performance Stock Units (further 'PSU's'), each representing one third of the total long-term incentive grant value. The Options, RSU's and PSU's are accounted for as equity-settled share-based payments. The Options, RSU's and PSU's can only vest and Options giving the right to receive shares of the Company (further 'Shares') or any other rights to acquire Shares can only be exercisable as from three years after the grant. The RSU's, PSU's and Options will vest subject to the condition that the participant remains in service. The share price is considered to be the relevant performance indicator and the vesting of the award will not be subject to additional specific performance conditions, except for PSU's. For the vesting of the PSU's, the Board has set targets for the next 3-year performance period in terms of specific targets (both finance and non-finance KPI's). The Articles of Association authorize the Company to deviate from such rule, as allowed under the Belgian Companies Code.

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

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

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

On or about June 26, 2015, a total of 159,413 stock options and 38,294 RSU's were granted, 37,339 options and 38,294 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2018 and June 2023.

On or about June 15, 2016, a total of 322,294 stock options and 75,227 RSU's were granted, 87,768 options and 75,227 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2019 and June 2024.

On or about May 10, 2017 a total of 299,914 stock options and 69,023 RSU's were granted, 76,529 options and 69,023 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2020 and June 2025.

On or about June 15, 2018, a total of 471,064 stock options and 93,576 RSU's were granted, 155,215 options and 93,576 RSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2021 and June 2026.

On or about June 13, 2019, a total of 393,403 stock options, 124,420 RSU's and 124,420 PSU's were granted. 166,048 options, 124,420 RSU's and 124,420 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2022 and June 2027.

On or about May 28, 2020, the Group granted an LTIP plan consisting of 374,622 stock options, 119,244 RSU's and 119,244 PSU's. 179,724 options, 67,143 RSU's and 57,496 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The stock options and RSU's are exercisable between June 2023 and June 2028.

On or about May 27, 2021, the Group granted an LTIP plan consisting of 432,438 PSU's. 120,133 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The PSU's are exercisable between June 2024 and June 2029.

During the period, the Group granted a new LTIP plan consisting of 611,477 PSU's. 125,673 PSU's have forfeited, expired or have been exercised as of December 31, 2022. The PSU's are exercisable between March 2025 and March 2030.

The Board of Directors of the Group has decided on June 1, 2015 to implement a full hedging program (total return swap) for the share-based payment arrangements starting July 1, 2015 and renewed on an annual basis. This program was not renewed in 2022.

The following share-based payment arrangements were in existence during the current and prior years:

	Expiry Date	Exercise Price per stock option (€)	Weighted average Fair value (€)	# stock options/ RSU's/PSU's	# stock options/ RSU's/PSU's
LTIP 2015					
Options	2023	26.60	6.39	122,074	123,881
RSU's	2018	N/A	24.45	-	-
LTIP 2016					
Options	2024	28.44	6.64	234,526	252,489
RSU's	2019	N/A	26.48	-	-
LTIP 2017					
Options	2025	33.11	7.62	223,385	239,111
RSU's	2020	N/A	30.45	-	-
LTIP 2018					
Options	2026	23.56	4.68	315,849	359,352
RSU's	2021	N/A	21.35	-	-
LTIP 2019					
Options	2027	14.0	3.99	227,355	283,126
RSU's	2022	N/A	12.05	-	68,962
PSU's	2022	N/A	12.05	-	87,668
LTIP 2020					
Options	2028	13.9	3.13	194,898	241,981
RSU's	2023	N/A	11.86	52,101	63,017
PSU's	2023	N/A	11.86	61,748	72,673
LTIP 2021					
PSU's	2024	N/A	10.37	312,305	393,081
LTIP 2022					
PSU's	2025	N/A	7.30	485,804	-
Total outstanding stock options				1,318,087	1,656,616
Total outstanding RSU's				52,101	131,979
Total outstanding PSU's				859,857	553,422

The following reconciles the options and RSU's outstanding at the beginning and end of the year:

	Average exercise price per stock option (€) ¹	Stock options	RSU's	PSU's
As at January 1, 2021	29.76	1,662,616	247,862	173,822
Granted	-	-	-	432,438
Forfeited	14.08	(6,000)	(13,891)	(52,838)
Exercised	-	-	(101,992)	-
As at December 31, 2021	22.33	1,656,616	131,979	553,422
Granted	-	-	-	611,477
Forfeited	18.73	(338,529)	(16,738)	(305,042)
Exercised	-	-	(63,140)	-
As at December 31, 2022	23.25	1,318,087	52,101	859,857
<i>of which vested and exercisable</i>	-	<i>1,123,189</i>	-	-

¹ The average exercise price mentioned in the table above relates only to the stock options, as the RSU's and PSU's do not have an exercise price.

The fair value of the stock options has been determined based on the Black&Scholes model. The expected volatility used in the model is based on the historical volatility of the Company.

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

	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022
Exercise Price (€)	26.60	28.44	33.11	23.56	14.00	13.90	-	-
Expected volatility of the shares (%)	26.32%	26.56%	27.12%	25.63%	37.98%	31.90%	43.12%	39.01%
Expected dividends yield (%)	2.14%	1.98%	2.31%	2.70%	3.82%	4.00%	3.00%	4.10%
Risk free interest rate (%)	1.02%	0.37%	0.60%	0.69%	0.10%	-0.18%	0.00%	0.00%

The fair value of the RSU's and PSU's has been determined by deducting from the exercise price the expected and discounted dividend flow, based on the same parameters as above.

The total cost incurred regarding the existing share-based payment plans amounted to €1.1 million during 2022 and was included within employee benefit expenses. Social charges related to the LTIP are accrued for over the vesting period.

7.29. CONTINGENCIES

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

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

State Sales Tax (ICMS), the State of Goiás issued a decree determining Falcon Distribuição Armazenamento e Transportes S/A (Falcon) to pay a contribution to the Social Protection Fund of the State of Goiás (PROTEGE). Falcon received a tax assessment, but filed a lawsuit against the Treasury office of the State of Goiás and is currently awaiting the judgement by the court. The Group believes that there are good arguments to defend the case and as such the Group does not believe a loss is probable.

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

7.30. COMMITMENTS

7.30.1. Capital commitments

The Group has contracted expenditures for the acquisition of property, plant and equipment at December 31, 2022 of €21.6 million (2021: €18.9 million). The amount of 2021 has been adjusted to only reflect the continuing operations.

7.30.2. Bank guarantees

As indicated in note 7.17 'Interest-bearing debts', no assets are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

The Group has given bank guarantees for an amount of €19.5 million in order to participate in public tenders as at December 31, 2022 (2021: €18.7 million).

7.31. RELATED PARTY TRANSACTIONS

As part of our business, Ontex has entered into several transactions with related parties.

7.31.1. Consolidated companies

A list of subsidiaries is given in note 7.7 'List of consolidated companies'.

7.31.2. Relations with the shareholders

There are no transactions with shareholders per December 31, 2022 (nor in 2021).

7.31.3. Relations with non-executive members of the Board of Directors

in € million	Full Year	
	2022	2021
Remuneration	1.6	1.4

7.31.4. Relations with the key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management for the Group are all the members of Management Committee.

7.31.5. Key management compensation

Remuneration of the CEO in € million	Full Year	
	2022	2021
Fixed and variable remuneration	2.0	1.6

Remuneration of the Executive Team (excluding the CEO) in € million	Full Year	
	2022	2021
Fixed remuneration	3.0	4.5
Variable remuneration	1.3	1.5
Other remuneration	0.6	0.6
Total	4.9	6.6

The other remuneration relates mainly to post-employment benefit plans. For a more detailed breakdown, see the Remuneration report.

The Company implemented Long-Term Incentive Plans ('LTIP'), which are based on a combination of stock options, restricted stock units and performance stock units (see note 7.28).

The number of stock options, restricted stock units and performance stock units granted to the CEO and the Executive Management Team is summarized below:

For the year ended December 31, 2022	Number of RSU's	Number of PSU's	Number of Stock Options
LTIP 2018			
CEO	14,921	-	75,114
Executive Team (excluding CEO)	47,478	-	239,016
LTIP 2019			
CEO	18,414	18,414	64,610
Executive Team (excluding CEO)	53,376	53,376	171,928
LTIP 2020			
CEO	19,891	19,891	88,333
Executive Team (excluding CEO)	56,265	56,265	249,870
LTIP 2021			
CEO	-	94,954	-
Executive Team (excluding CEO)	-	229,572	-
LTIP 2022			
CEO	-	149,891	-
Executive Team (excluding CEO)	-	213,070	-

7.32. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that occurred after the end of the reporting period.

7.33. AUDIT FEES

in € thousands	Full Year	
	2022	2021
Audit Fees	1,464.2	1,165.0
Additional Services rendered by the auditor's mandate:		
Audit related fees	192.5	363.7
Tax advisory & compliance services	45.2	30.0
Total	1,701.9	1,558.7

The fees in the above table concern the audit fees for the full Group and not only the continuing operations.

8. SUMMARY STATUTORY FINANCIAL STATEMENTS

8.1. STATUTORY BALANCE SHEET AFTER APPROPRIATION

in € million	2022	2021
ASSETS	3,031.3	3,225.0
FIXED ASSETS	2,699.5	2,824.1
Formation expenses	-	0.1
Intangible assets	14.3	15.7
Tangible assets	0.6	0.9
Financial fixed assets	2,684.6	2,807.5
Participating interests	1,687.1	1,908.0
Amounts receivable	997.4	899.4
Other financial fixed assets	0.1	0.1
CURRENT ASSETS	331.8	400.9
Amounts receivable within one year	183.8	221.6
Treasury shares	7.9	9.7
Cash at bank and in hand	110.0	153.2
Deferred charges and accrued income	30.2	16.4
in € million	2022	2021
EQUITY AND LIABILITIES	3,031.3	3,225.0
EQUITY	1,659.0	1,904.0
Capital	823.6	823.6
Share premium	412.7	412.7
Reserves	265.6	267.3
Accumulated profits/(losses)	157.2	400.4
PROVISIONS AND DEFERRED TAXES	6.1	5.0
AMOUNTS PAYABLE	1,366.2	1,316.0
Amounts payable after more than one year	800.0	830.0
Financial debt	800.0	830.0
Amounts payable within one year	555.1	475.2
Financial debt	307.1	173.0
Trade debts	14.9	11.5
Taxes, remunerations and social security	3.6	3.4
Other amounts payable	229.5	287.3
Accruals and deferred income	11.1	10.9

8.2. STATUTORY INCOME STATEMENT

in € million	2022	2021
Operating income	24.6	45.6
Operating charges	(61.9)	(64.5)
Operating loss	(37.3)	(18.9)
Financial result	(205.7)	(0.8)
Profit/(loss) for the period before taxes	(243.0)	(19.7)
Income taxes	(2.0)	(0.1)
Profit/(loss) for the period	(245.0)	(19.7)

8.3. EXTRACT FROM ONTEX GROUP NV SEPARATE (NON-CONSOLIDATED) FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH BELGIAN GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Ontex Group NV and is included as required by article 3:17 of the Belgian Company Code. The separate financial statements, together with the annual report of the Board of Directors and the auditors' report to the general assembly of shareholders, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Ontex Group NV, Korte Kepestraat 21, 9320 Aalst (Erembodegem).

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ontex Group NV prepared in accordance with Belgian GAAP for the year ended December 31, 2022 (full financial year) give a true and fair view of the financial position and results of Ontex Group NV in accordance with the legal and regulatory dispositions applicable in Belgium.

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