

**Ontex Group**  
**Naamloze vennootschap**  
**Korte Kepestraat 21**  
**9320 Erembodegem (Aalst)**  
**Register of Legal Entities Ghent, division Dendermonde**  
**VAT: BE 0550.880.915**  
**(the “Company”)**

**SPECIAL REPORT OF THE BOARD OF DIRECTORS PURSUANT TO  
ARTICLE 604 OF THE COMPANIES CODE WITH RESPECT TO THE USE  
AND PURPOSE OF THE AUTHORISED CAPITAL**

This special board report is submitted to the shareholders in accordance with Article 604 of the Companies Code with respect to our proposal to insert in the articles of association of the Company an renewed authorisation for the board of directors to increase the capital of the Company in the framework of the authorised capital. This special board report sets out the circumstances in which, and the purposes for which, the authorised capital can be used.

**1 Authorised capital**

The authorized capital was inserted at first in the articles of association pursuant to a broader amendment to the articles of association of the Company in view of the contemplated initial public offering and listing of the Company's shares on Euronext Brussels on 30 June 2014. The current authorization will expire in June 2019.

As approved by the meeting of the board of directors held on 28 March 2018, the board of directors proposes that the extraordinary shareholders' meeting authorises the board of directors to increase the registered capital of the Company in one or several times by a (cumulated) amount of maximum 50% of the amount of the registered capital as such amount is registered immediately after the general meeting of shareholders of 25 May 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders.

At the time of the convening notice, the registered capital of the Company amounted to EUR 823,587,466.38 €.

The board of directors can exercise this power, if granted, for a period of five (5) years as from the date of publication in the Annexes to the Belgian State Gazette of the authorisation by the extraordinary shareholders' meeting. The authorisation may be renewed in accordance with the relevant legal provisions.

## **2 Circumstances in which and purposes for which the authorised capital can be used**

The board of directors proposes that the extraordinary shareholders' meeting grants the above-mentioned authorisation in order to allow the board of directors to use the authorised capital:

- when the sound management of the Company's business or the need to react to appropriate business opportunities calls for a strategic alliance, a restructuring, a takeover or acquisition (whether private or public) of securities or assets in one or more companies to be financed entirely or partially by issuing shares or financial instruments giving right to shares;
- to raise funds by issuing new shares to investors, either in public or private placements; and
- within the framework of the remuneration policy of the Company, namely to implement any stock option plans, share-based plans or other incentive plans open to employees, executives, consultants or directors (or any other persons assimilated to these categories) of the Company or its subsidiaries, to the extent that new shares would be needed.

The technique of the authorised capital offers the board of directors a degree of flexibility and allows swift execution, which could be necessary to ensure an optimal management of the Company.

In certain circumstances, the relatively complex, expensive and time consuming procedure of convening an extraordinary shareholders' meeting for a capital increase in a listed company could be irreconcilable with certain fluctuations on the capital markets or certain opportunities presented to the Company. A convocation of an extraordinary shareholders' meeting could in such circumstances, for example, lead to a delay in the execution of the concerned transaction.

The board of directors proposes that any capital increases which can be decided pursuant to this authorisation will take place in accordance with the modalities to be determined by the board of directors and may be effected:

- by means of a contribution in cash or in kind; and
- through conversion of reserves, whether available or unavailable for distribution, and issuance premiums, with or without issuance of new shares with or without voting rights.

The board of directors proposes that it can also use the authorisation, if granted, for the issuance of convertible bonds, warrants or bonds to which warrants or other tangible values are connected, or other securities.

The board of directors proposes that the authorisation empowers the board to limit or cancel the preferential subscription right of the shareholders in the interest of the Company, subject to the abovementioned limitations and in accordance with the conditions provided for by the Companies Code and that this limitation or cancellation can also occur to the benefit of the employees of the Company or its subsidiaries or to the benefit of one or more specific persons even if these are not employees of the Company or its subsidiaries.

### **3 Corresponding amendment to the articles of association**

If the extraordinary shareholders' meeting approves the above proposal, Article 7§1 of the articles of association of the Company will be amended and will read as follows:

*“Article 7 Authorised capital*

*§1. The board of directors may increase the registered capital of the company in one or several times by a (cumulated) amount of maximum 50% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders,*

*This authorisation may be renewed in accordance with the relevant legal provisions. The board of directors can exercise this power for a period of five (5) years as from the date of publication in the Annexes to the Belgian State Gazette of the amendment to these articles of association approved by the shareholders' meeting on 25 May 2018.*

Done on 23 May 2018,



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[Charles Bouaziz]

Director



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[Jacques Purnode]

Director