Sustainable answers to urgent challenges

Annual Report 2022

etex inspiring ways of living

Contents

Etex Profile

Etex is a global player in sustainable lightweight building solutions, with experience of more than a century in building materials and our expertise in offsite construction, we at Etex continue to improve people's quality of living with ever more innovative building materials and solutions designed with sustainability in mind.

Our products and service solutions offer a wide range of social and environmental benefits to buildings. From safety features such as fire protection to energy-saving features such as insulation, we strive to be pioneers in a market with accelerating needs for products that address sustainability challenges.

Moreover, we want to include the entire circular value chain before and after the use phase, for example through enhancing how our products and solutions will be reused and processed at the end of their life cycle.

About this report

This annual report is a first step towards an integrated report, putting our economic, social and environmental footprint and performance on an equal footing. It describes our value chain and how our strategic drivers help us to make a positive impact on people, the planet and profit. The reporting is based on the GRI framework and the UN Sustainable Development Goals (see the GRI content index) and read more about the Etex Road to Sustainability 2030).

Disclaimers: Etex NV is a private company and its securities are not traded on a regulated market. It is headquartered in Zaventem, Belgium (company registration number RPM : 0400.454.404). This Annual Report 2022 has been audited by the statutory auditor PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV. It may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Etex is providing the information in this report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. Etex disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by Etex.

The first and only 100% safe fully ventilated façade system in Australia, EQUITONE positively contributes to the overall energy efficiency, condensation and water vapour management, acoustic and thermal performance of a building.

Etex in 2022

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Sustainable answers to urgent challenges

2022, an exceptional year in many ways

Etex delivered on its promises with record revenues of EUR 3,714 million and REBITDA of EUR 645 million despite an unfavourable business context in 2022 characterised by a world still recovering from the COVID-19 pandemic. There was also the invasion of Ukraine by Russia, the energy crisis, unprecedented global inflation, increased interest rates introduced by central banks, and finally the slowdown in global growth, especially in Europe.

We worked extremely hard with our supply chain to help meet the needs of our customers in such a difficult context. We had to be agile with our production, as we experienced very high demand for the first six months, putting our factories at full capacity, then three months of a sharp drop in demand. The last three months saw stabilisation.

Following an in-depth review of the cost drivers of our products, we managed to optimise our costs. We also maintained strong control of energy prices despite the volatile context and succeeded in maintaining strong price management.

Integrating our new insulation business and other acquisitions

The insulation business, the URSA brand, is now in place following Etex's second largest acquisition ever (EUR 1 billion). The integration process has proven a great success, bolstering our offer of a comprehensive five-technology portfolio.

There was also clear confirmation that the FSi company and the Australian business were the right acquisitions and delivered on our plans.

We created the product platforms as forward-looking growth platforms, allowing us to focus on mid- and long-term growth opportunities (organic and mergers & acquisitions). This in turn enabled further collaboration and strengthening of our lightweight construction ambitions. The platforms also meant we could define innovation plans to drive growth per technology.

Johan Van Biesbroeck
Chairman of the Board of Directors

Bernard Delvaux
CEO

We are now benefiting from a strong financial backbone so we can prepare for our growth.

Engaging with our teammates

We are moving forward along our engagement journey with our Me & Etex survey. The survey once again gave Etex an opportunity to listen and undertake actions. The level of participation has been high, and well above standards, confirming a good level of engagement in 2022. It showed the resilience of our teams after two years of COVID. With our recent acquisition, we also welcomed over 1,700 new teammates from URSA, promoted talents in the local and global leadership teams, and held our traditional CEO Awards ceremony, this year recognising our plant in Chile. In 2022, we further empowered our local leadership, at the same time driving more collaboration between business and functions.

Despite the year's challenges, we knew it was important to take the time to pause, meet face-to-face and reflect on the future of the company with our top 120 teammates during the Etex Global Summit held in Madrid, Spain. We also improved our talent reviews and succession planning processes. By maintaining focus on talent acquisition and the growth of commercial and business development talents, we are furthering efforts to attract talents in the future.

Supporting our Ukrainian teammates

Since the very first day of the invasion of Ukraine, our 250 Ukrainian teammates have been in danger, especially at our factory and quarry in Bakhmut which was targeted and later destroyed by shelling. We have poured all resources available into supporting our teammates and their families there. The outstanding efforts and dedication of our teammates around the world, and the support they have given to our Ukrainian teammates, have been nothing short of inspiring; from daily contact, help with evacuations and financial support through to job relocations, training and fundraising.

Etex has set up different legal and operational mechanisms to play an active role in the rebuilding of Ukraine.

Building our Road to Sustainability

While tackling urgent challenges, we prepared the future by investing a record EUR 302 million in our factories. This was designed to maintain them, increase our production capacity and make them more sustainable in terms of GHG emissions, water consumption, circularity and safety.

The investment also covered ongoing major capacity increases in the UK and Peru for a planned start-up in 2024, along with an investment plan set out for the coming 10 years to cope with expected growth and our sustainability agenda.

Launched in 2022, our Road to Sustainability 2030 is a major milestone, with clear targets and early progress already made in the above-mentioned areas as well as well-being, diversity, equity and inclusion, decarbonisation and customer engagement. This journey includes a CO_2 / energy awareness and reduction initiative with archetype plant audits and deployment of a roadmap to reach -35% carbon intensity by 2030, starting in all plants. Steps have also been taken towards recycling. For recycled content, a path has been established to increase it above 20%. We entered a partnership to turn fibre cement into a secondary raw material reused in our own processes, and outlined a programme to work with cement suppliers on their CO_2 reduction programme.

Our ESG rating improved, standing at 16.9 (after 18.1 in 2021) – an excellent score that puts us in the top 10 in the "Building Products" category. Record levels of recycled content were also used in our plasterboards and insulation materials. In terms of safety performance, after several good years, we unfortunately recorded disappointing results, which will push us to further focus on our strong safety culture.

Johan Van Biesbroeck
Chairman of the Board of Directors

Bernard Delvaux
CEO

Looking at 2023

Etex will focus on profitable growth as a sustainable company and continue to face a volatile market environment. Lightweight construction will continue strongly penetrating the market compared to traditional construction. We are therefore ready to seize any opportunities for acquisition.

We want to inspire people to build living spaces that are safer, more sustainable, smarter and more beautiful. We also intend to reinforce Etex as an employer of choice where individuals and teams can thrive.

Finally, Etex thanks all stakeholders for their dedication, energy and inspiring spirit which combined will enable us to grow stronger, and more sustainably.

QUESTION

We have been supporting our Ukrainian teammates and their families since day one of the war.

"Your support means a lot to us. How do you see the future?"

Mariia Panfilova
Lead Qualification & Inside Sales Support

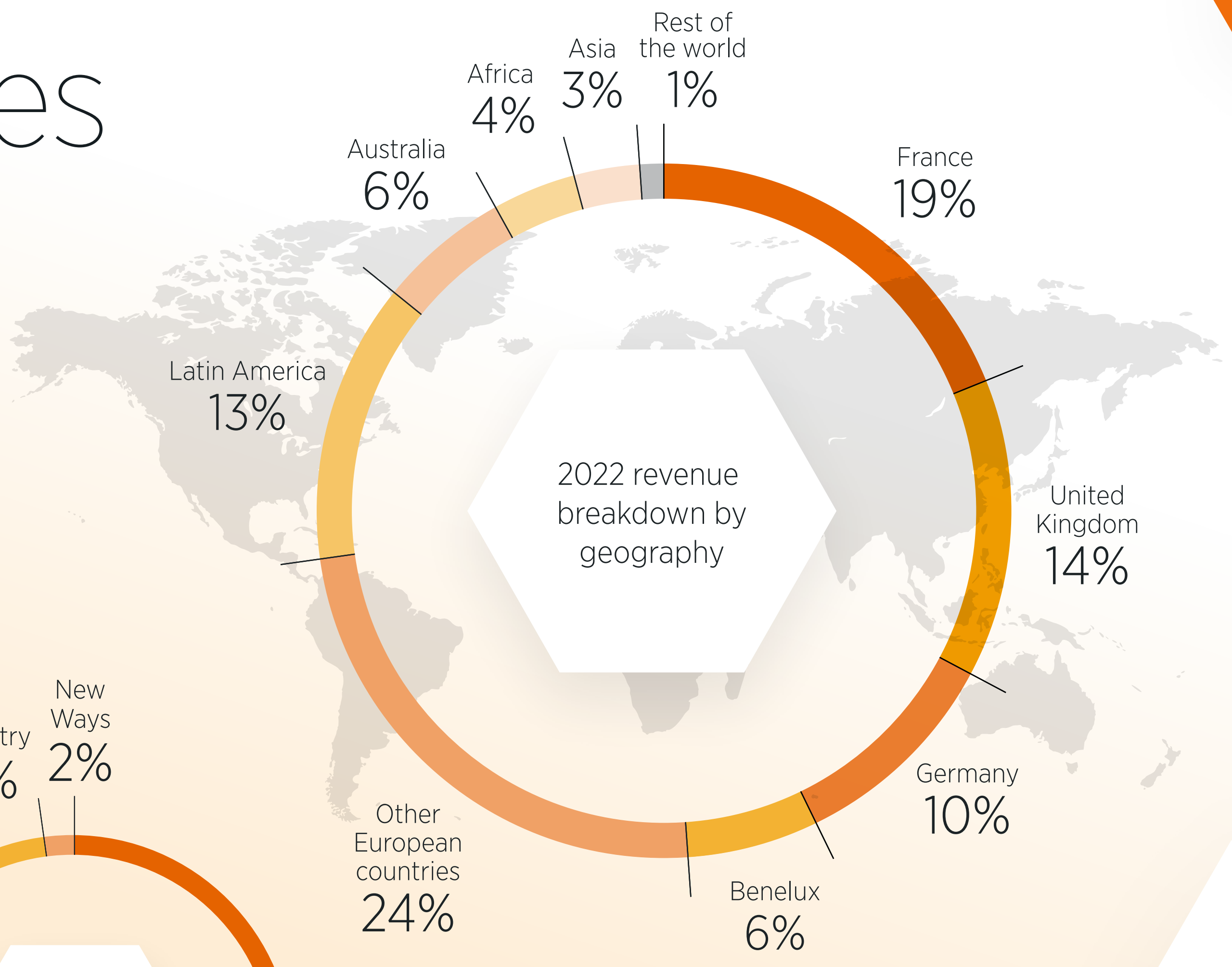
ANSWER

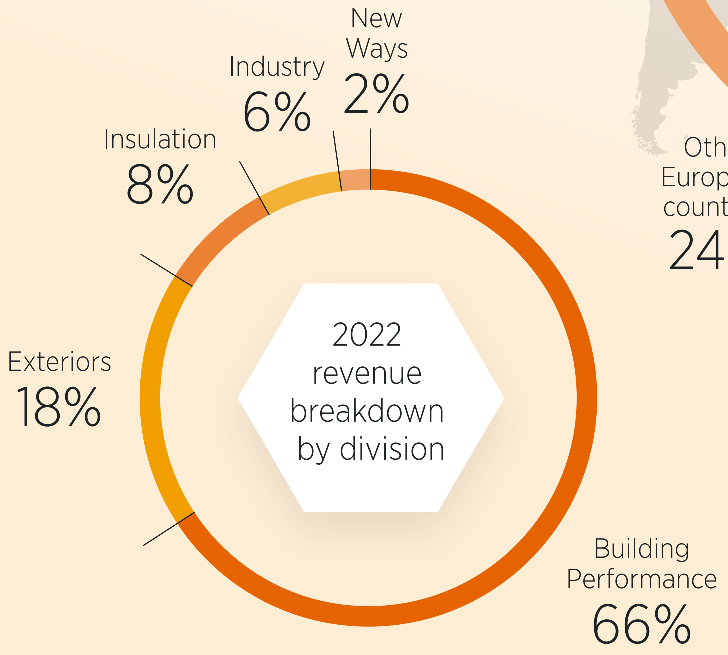
We have **decided to fully exit Russia** and are doing the necessary to execute our decision. At the same time, we are **preparing to help Ukraine rebuild** as soon as it is possible and safe to do so.

Read more about this topic in the report.

Watch Mariia's video

Key figures





Profit

Revenue
(in EUR million)

2022	3,714
2021	2,972
2020	2,616
2019	2,940
2018	2,897

Recurring operating cash flow (REBITDA)
(in EUR million)

2022	645
2021	570
2020	484
2019	483
2018 RESTATED (2)	433
2018	405

Net recurring profit (Group share)
(in EUR million)

2022	275
2021	268
2020	215
2019	187
2018	166

Innovation
We invest more than EUR

30 million

annually in innovation, with a particular focus on lightweight materials and prefabricated construction methods.

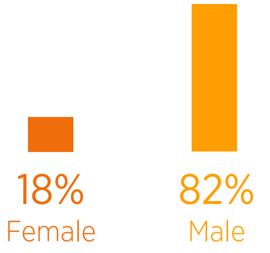
People

Teammates

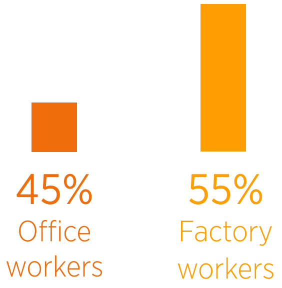
>13,500 Teammates on 4 continents (98 nationalities)

15.3% Employee turnover

Etex employees by gender



Etex employees by type



Learning

5,527 Teammates have been active on our global digital learning platform

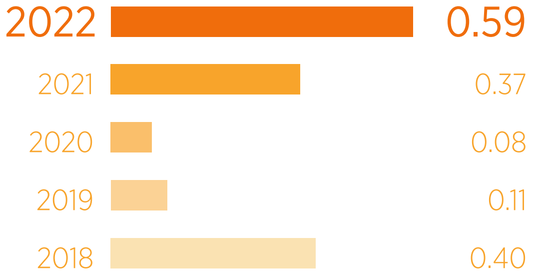
Safety

1.64 Safety intensity: average number of safety activities per employee per month.

22.5 Hours of health and safety training on average per employee.

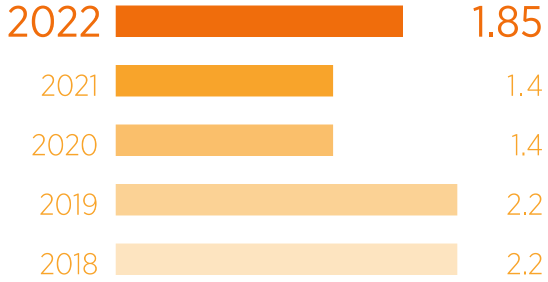
Gravity rate of accidents

Level of absenteeism after an accident.
The higher the rate, the more severe the accident.



Frequency rate of lost-time accidents

Number of lost-time accidents per one million hours worked.



Planet

-19.9% CO_2 emissions in 2022 (since 2018)

100% Of electricity that we consume in Europe and Latin America was certified green electricity (74% in total)

-26.5% Waste to landfill (since 2018)

Total water withdrawal intensity

(m^3/tonnes sellable products)

Consolidated key figures and financial results
Read more here >

GRI content index
Read more here >

Milestones of 2022

FEBRUARY ENGAGED PEOPLE

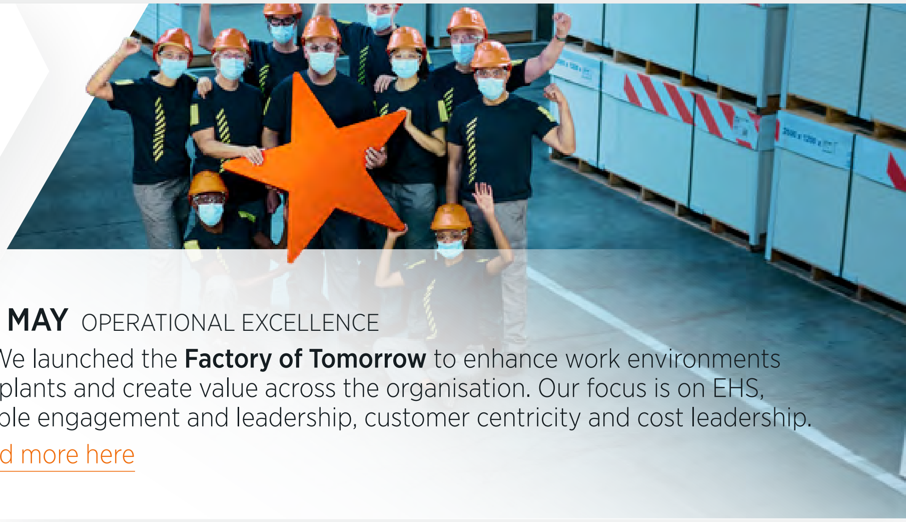
Etex provided **support to Ukrainian teammates and families as soon as the conflict started**, with help from teammates. Etex continues to support them and is dedicated to rebuilding in Ukraine as soon as possible.

Read more here

APRIL
COMMERCIAL EXCELLENCE

Etex launched its new **strategic framework**, which is based on its five core technologies and four key drivers. This framework aims to secure the company's sustained future and success. The framework will serve as the basis for future plans and steer decision-making and investments.

Read more here



MAY OPERATIONAL EXCELLENCE

We launched the **Factory of Tomorrow** to enhance work environments in plants and create value across the organisation. Our focus is on EHS, people engagement and leadership, customer centricity and cost leadership.

Read more here

JUNE COMMERCIAL EXCELLENCE AND ENGAGED PEOPLE

Etex completed the **acquisition of URSA**, furthering its sustainable lightweight solutions. With URSA's insulation expertise, Etex is better equipped to provide innovative solutions to address current and future building challenges. Furthermore, we celebrated townhalls and welcomed over 1,700 new teammates.

Read more here

JULY
COMMERCIAL EXCELLENCE

We faced significant challenges during the first half of the year, with a 15-fold increase in **energy prices and rising raw material costs**. To remain competitive, we reviewed product costs and successfully managed pricing. Despite the difficulties, we worked closely with our supply chain to meet our customers' changing demands.

Read more here

Two new members join the Executive Committee: **Jochen Friedrichs** as Head of Division Insulation in June, and **Tanguy Vanderborght** as Head of Division Industry in July.

Read more here

SEPTEMBER SUSTAINABILITY AND INNOVATION

Etex is actively addressing the global challenges we face and has launched its **Road to Sustainability 2030**: a set of priorities to serve our customers and create a healthy planet and society. These priorities will ensure a sustainable future where our teammates, their families and communities can thrive alongside Etex.

Read more here

OCTOBER
ENGAGED PEOPLE

Our latest **Me & Etex survey** saw a high level of participation, indicating we had an engaged workforce in 2022. The survey demonstrated our teammates' resilience despite two challenging years of COVID.

Read more here

DECEMBER OPERATIONAL EXCELLENCE

We have **invested a record EUR 302 million** in our factories to ensure their maintenance, enhance production capacity and improve sustainability measures, including energy consumption, circularity and safety.

Read more here

SUBSEQUENT EVENTS

MARCH 2023 COMMERCIAL EXCELLENCE

We acquired high temperature insulation expert Skamol. This acquisition is subject to customary closing conditions.

Read more here

APRIL 2023 SUSTAINABILITY AND INNOVATION

Our Environmental, Social and Governance **(ESG) rating improved for the fifth time in a row**, placing us among the top ten companies in the Building Products category and reflecting our strong commitment to ESG standards and our commitment as signatory of the UN Global Compact.

Read more here

APRIL 2023
COMMERCIAL EXCELLENCE

Jochen Friedrichs becomes the Head of Division Building Performance, remaining Head of Division Insulation *ad interim* until a successor is appointed.

Read more here

About Etex

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United to deliver inspiring ways of living

Etex inspires the world to build safe, sustainable, smart and beautiful living spaces by providing lightweight solutions to its customers, including fibre cement and plasterboard applications, offsite and modular building systems, high performance insulation and fire protection.

What we do

Through our five divisions, we strive to lead within well-defined business segments.

Building Performance

Leader in plasterboards and fibre cement boards, and the global reference in fire protection solutions for the residential and commercial segments.

Exteriors

Provider of innovative, durable, high performance and beautiful fibre cement exterior materials for architectural, residential and agricultural projects.

Insulation

Leading European insulation provider of glass mineral wool and extruded polystyrene (XPS) to insulate residential and non-residential buildings.

Industry

Front runner of engineering expertise to drive the future of high performance temperature insulation and fire protection in the industrial, aerospace and energy sectors.

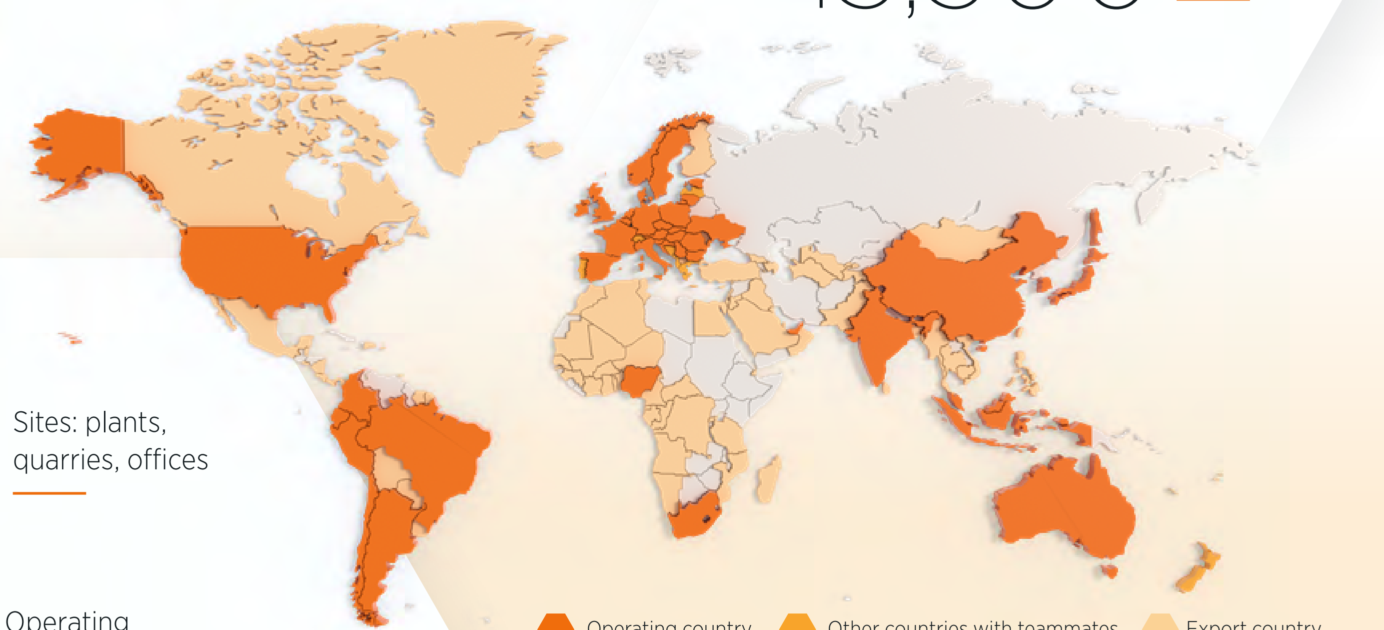
New Ways

High-tech, lightweight, factory-assembled panel and modular building solutions based on timber and steel framing.

>13,500 Teammates

>160 Sites: plants, quarries, offices

45 Operating countries[1]



[1] As soon as the Russian invasion of Ukraine started, Etex took a firm position by looking at all options to exit Russia, which is currently ongoing. This was carried out by putting Etex's Russian activities on a standalone basis and stopping fibre cement export activities there.

Tapping into our strengths to meet global needs

At the core of Etex is a clear purpose: inspiring ways of living. This means giving our customers the experience they are looking for from lightweight building solutions that address megatrends and the many challenges our world faces. This ongoing process guides us in leveraging our expertise, and helps us live up to our promise of providing optimal building solutions for safe, sustainable, smart and beautiful spaces.

Safe

Etex's innovative fire protection, plasterboard, fibre cement and insulation solutions protect buildings, infrastructure, home appliances and even vehicles from damage.

Sustainable

Etex's lightweight and technically efficient products, along with modular building technologies, serve to optimise resource use. We focus on reducing energy and water consumption, and waste and boosting efficiency in our factories.

Smart

The products and solutions we offer bring cost, efficiency and resource saving benefits to the entire supply chain by using innovation (via our Innovation and Technology Centres), digital components, modular technologies and lightweight construction.

Beautiful

Aesthetic appeal, personalisation and architectural freedom underpin our unique siding, façade, roof and terrace solutions.

Ambition rooted deep in the Etex culture

At Etex we strive to help transform the construction industry using the same pioneering spirit that has led to the research, development and improvement of fibre cement, plasterboard, insulation and fire protection solutions for over a century. **Our purpose gives direction to our strategy, guiding us to foster stronger, closer ties with customers, and embrace innovation as a driver of success.** It encourages us to improve processes while committing to safety in the workplace. It drives us to create an inclusive environment where all teammates can develop their expertise within innovative, supportive teams.

Our values

Our purpose gives meaning to our values. 'Connect and Care' refers to both the world and each other: connecting and working closely together with teammates and also partners and customers, bringing out the best in each other, and caring for safety and well-being. 'Passion for Excellence' is all about improving living conditions. 'Pioneer to Lead' means driving valuable change to benefit the world.

Our industry faces huge challenges and opportunities

There are real needs for sustainable, quality living spaces worldwide. In the midst of global megatrends such as population growth, limited resources, climate change, complex regulations, disruptive technologies, rapid urbanisation and housing crises, Etex stands proud as a key player in fire protection and insulation and is a key player in a number of its markets and geographic areas.

To make a real difference for our customers, we need to continue joining forces and focusing on our core strengths. Our planet has hit the eight billion people mark, resulting in the need for even more quality spaces providing improved living and working conditions. Working together means we can make full use of the latest technologies and opportunities available, stay close to our partners, remain at the forefront of our industry and provide better solutions to our customers.

When we tap into our strengths - resources, strategy, talents and drive - Etex is able to harness industry disruption, paving the way for agility, partnerships and effective solutions.

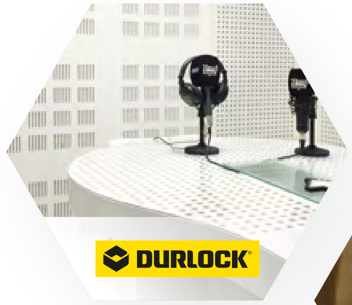
Our main commercial brands

Building Performance

Spanning our Industry and Building Performance divisions, **Promat** is our global brand for passive fire protection, high-temperature applications and intumescent seals. We supply a range of solutions worldwide, including ducting, structural protection, compartmentation, insulation and fire stopping solutions. Our products are used in a range of industries and applications, including residential, sports and leisure, healthcare, hospitality, offices, education and tunnels.

Durlock, **Gyplac**, **Kalsi**, **Siniat** and **Superboard**, our lightweight dry construction brands, supply gypsum-based building materials and fibre cement boards. They offer interior and exterior systems (partitions, ceilings, through-wall flooring and decorative systems) that simplify construction, boost occupants' quality of life and deliver customer-focused value and services to our partners.

FIRE PROTECTION
Promat (Global)



GYPSUM
Durlock (Argentina)
Gyplac (Latin America)
Siniat (Europe and Australia)

FIBRE CEMENT
Durlock (Argentina),
Kalsi (Asia and Africa), Siniat (Europe),
Superboard (Latin America)

Exteriors

Exteriors brings aesthetically attractive and high-performing fibre cement exterior solutions to the residential, architectural and agricultural sectors through three core brands.

Cedral offers beautiful fibre cement solutions tailored to each personality and living space, enabling true customisation. For roofs, façades, and terraces, Cedral provides unique, attractive and high performing products. Our fibre cement slates protect homes, our sidings bring creative façade visions to life and our terraces offer a unique tactile experience.

EQUITONE is our global brand for architectural fibre cement façade materials, specified for mid- to large-sized buildings. We work with and for architects to design smart and resilient materials that reduce environmental impacts. Our customers seek new ways of building above and beyond accepted standards – actively influencing industry-wide change.

Eternit fibre cement corrugated sheets contribute to durable and sustainable agricultural and residential structures. In Europe, we strive to be a partner to entrepreneurial farmers by helping them to protect their assets and grow their potential. In Latin America, we offer high performance and excellent value for cost in the low-income housing sector.

FIBRE CEMENT
Cedral (Global)
EQUITONE (Global)
Eternit (Europe, Argentina and Peru)

Industry

Promat is the Industry division's principal brand and the benchmark for passive fire protection, fire-stopping solutions and applications requiring high temperature and acoustic insulation. The Promat range of products is the most comprehensive of its kind on the market and includes calcium silicate, microporous and intumescent materials, fibres and textiles, and cementitious sprays.

All Promat materials are designed for use in the most demanding environments and extreme temperature conditions, and are available in various forms. These include rigid and flexible boards, vacuum-insulated panels, custom-made parts, blankets, wools, sprays and intumescent strips and granules. These solutions are used worldwide in a range of applications as diverse as renewable energy, fire doors and dampers, batteries, furnaces, glass and steelmaking, industrial piping, steel and concrete structures, and trains. Through our products and solutions, Promat helps make our customers' processes and end products safer, more efficient and sustainable.

PASSIVE FIRE PROTECTION AND ACOUSTIC INSULATION
Promat (Global)

Insulation

URSA is one of Europe's largest manufacturers of thermal and acoustic insulation materials oriented to sustainability and energy efficiency in buildings. Reduction of CO_2, temperature maintenance, acoustic comfort, fire safety and indoor air quality are some of the benefits. The product range is based on glass mineral wool and extruded polystyrene (XPS), two high performance insulation materials that guarantee excellent insulation quality for building envelopes, internal partitions, floors, ceilings and air conditioning ducts.

GLASS MINERAL WOOL AND EXTRUDED POLYSTYRENE (XPS)
URSA (Europe)

New Ways

New Ways aims to shape the future of construction by offering high-tech, lightweight, factory-assembled panel and modular solutions. The division's companies offer an extensive portfolio of solutions through the brands **E-loft**, **EOS**, **Evolusion Innovation**, **Horizon Offsite**, and **Sigmat**, featuring timber and steel framing technologies and engineering consultancy, ranging from engineered studs and tracks to fully designed and engineered houses and buildings.

TIMBER FRAMING SOLUTIONS
E-loft (France)

ENGINEERING CONSULTANCY
Evolusion Innovation (Ireland and UK)

STEEL FRAMING SOLUTIONS
EOS (UK),
Sigmat (UK)
Horizon Offsite (Ireland and UK)

Our sustainable value chain

As part of the construction and building industry value chain, we are conscious of our responsibilities towards people and planet. By design, the industry depends on raw materials, energy, water and other ecosystem services and has a significant environmental footprint.
We expect the market to focus more and more on the sustainability characteristics of our solutions. In line with our strong future and customer orientation, we assess how our products and solutions can help our customers reach their own sustainability goals. We have to work together to address social and environmental sustainability challenges.
As the illustration shows through some spot examples, sustainability opportunities and challenges occur across the whole value chain.
Etex follows leading global initiatives, such as the UN Global Compact and its related Business Principles and Sustainability Development Goals, as well as the GRI reporting standards.

Upstream

SUPPLIERS

Careful selection of our suppliers based on our Supplier Code of Conduct and specific supplier ESG rating. Our suppliers join Etex on the Road to Sustainability 2030.

PARTNERSHIPS

In cooperation with various value chain partners, we improve our waste management to increase circular material flows through reuse and recycling.

Etex operations

EXTRACTION SITES

We **carefully manage environmental and biodiversity impacts** in our raw material extraction gypsum mining activities.

MANUFACTURING AND OFFICE SITES

Continuous ambitions for **saving resources** such as water or energy at our sites group-wide.

PEOPLE

- We strengthen **gender balance** in our own operations across the globe.
- Caring for the **safety, health and well-being** of our teammates is of utmost importance and we are firmly committed to reaching zero harm.
- We nurture a culture of **inclusive team spirit and ethical behaviour** in our operations and with our business partners.

Downstream

CUSTOMERS

- **We accompany our customers on their path towards sustainability.** Our products and building solutions provide fire safety, durability, acoustic performance and reduce impacts across the building value chain. Insulation reduces the energy and CO_2 footprint of buildings.
- Lightweight solutions allow buildings to be completed in less time with less waste.
- Modularity eases dismantling of buildings at the end of their life cycle.
- Our customers support Etex on the Road to Sustainability 2030.

Engaging with our stakeholders

Our stakeholders are the drivers of what we do; they help us determine the steps towards the future. Providing them with relevant information is paramount in building a trust-based relationship and reaching a higher level of transparency. The following stakeholder mapping is based on input from 74 internal cross-functional 'gatekeepers', representing all Etex divisions and operational regions:

Commercial stakeholders

Customers, suppliers, architects, construction companies, distributors, contractors, installers, market representatives, specifiers requiring sustainable building solutions and homeowners

Our commitment: proactively meet their needs by offering superior building solutions and empowering them to construct the most efficient, ambitious and inspiring projects.

Regulatory authorities and public affairs

Regulatory authorities, standards bodies, governments and policymakers

Our commitment: comply with all relevant laws and regulations in the countries where we operate and where possible, go beyond compliance and achieve best practices.

Other external stakeholders

Local communities, authorities, NGOs, market bodies and the media

Our commitment: establish and maintain transparent relationships, and tailor our communications to the needs of each stakeholder group.

Planet

Innovation department, environmental partnerships, and academic institutions

Our commitment: be an agent of change in the sustainable building sector, focusing on the core strengths of our products to combat climate change and to serve to the benefit of people and planet.

etex inspiring ways of living

Financial stakeholders

Shareholders, investors, and financial institutions

Our commitment: balance sustainable growth with upholding transparent communication about our performance and outlook.

Internal stakeholders

Teammates, senior leaders, Executive Committee, Board of Directors, and trade unions

Our commitment: maximise safety, maintain transparency on key business decisions, promote strong connections with each other and facilitate personal and professional development.

Industry associations

Our commitment: provide valuable input, support industry peers, and combine forces to find sustainable solutions for our industry that also benefit our local communities. Etex takes leadership and took over the presidency of Eurogypsum for a period of two years in 2022.

Internal stakeholders

Teammates, senior leaders, Executive Committee, Board of Directors and trade unions.

We believe that people thrive when they feel seen and heard. To achieve this, our local businesses connect with more than 13,500 teammates in 45 operating countries through tailored communication channels. We engage with them via our intranet platform **Etex Core** which contains events, webinars and communication campaigns.

We host digital events called **Etex Team Talks** several times a year for all teammates where we celebrate team achievements, share results, update them on changes and discuss plans and prospects. We enable everyone to tell their stories, which are published online as **Teammate Stories**. Such stories of success and experiences have inspired others in their work and personal life. Around 600 managers share information and updates on **Etex Insights**, on the organisation, while our **Etex Global Summit**, involving around 120 senior leaders, is held annually to discuss strategy – sustainability was a key focus in 2022.

We hold **regular dialogue with employee representative bodies** to ensure labour standards are not breached and update the **European Works Council** on developments at Etex annually during a two-day meeting in Belgium attended by our CEO, CFO and Heads of Division.

Financial stakeholders

Shareholders, investors and financial institutions.

We present our shareholders with relevant information about our business during our annual Shareholders' Meeting(s). We also connect with our financial stakeholders by providing them with our **full-year and half-year results** as well as **strategic developments** through press releases and other documents published on our website. We give them the opportunity to provide their feedback in the Annual General Meeting, and through surveys after the full-year results and Annual Report publications.

Commercial stakeholders

Customers, suppliers, architects, construction companies, distributors, contractors, installers, market representatives, specifiers requiring sustainable building solutions and homeowners.

We reach out to our customers and commercial stakeholders with tailored information on products, solutions and services. Our Innovation & Technology Centre in Avignon, France invites customers to co-innovate during our annual **Innovation Days**. These stakeholders increasingly request proof of sustainability performance and credentials. In response, we produce credible sustainability reporting and share external assessments. We were awarded a silver medal in our most recent EcoVadis assessment, scoring above the industry average.

We hosted around 30 participants from the **2030 CEO Alliance for Sustainability**, a group of Belgian Board members and CEOs interested in advancing sustainability in their respective companies. We shared and discussed our sustainability roadmap and held sustainability workshops to gather feedback on relevant topics.

For our **upstream supply**, we prefer working with suppliers aligned with our sustainability ambitions. The EcoVadis risk assessment performance monitoring helps us here. 717 of our key suppliers scored 45% or above. We engage through regular dialogue to support our own sustainability strategy and that of our suppliers, to generate a win-win situation and strengthen our partnership.

Other external stakeholders

Local communities, authorities, NGOs, markets and the media.

Our local businesses design and implement communication channels to connect with their **communities**. Etex partners with the **NGO Selavip** and its global network, which supports housing projects for underprivileged people. We also raise money through the Etex Challenge and donate to the charity **Habitat for Humanity** to help families build and improve homes. The charity fosters strength, stability and self-reliance through shelter, which aligns with our purpose "Inspiring Ways of Living".

Our first combined annual report serves as a vital source of information for our stakeholders. We build press relationships locally, while our Corporate Communications team engages with the media in Belgium and abroad.

Industry associations

Industry associations provide a forum for monitoring regulatory developments and connecting with industry actors, which helps ensure the industry's voice is heard.

Etex has representatives in various national gypsum trade associations that are members of Eurogypsum, the European federation representing the gypsum product manufacturing industry. In 2022, Etex's Head of Corporate Social Responsibility was elected President of Eurogypsum.

At the end of 2022 we hosted the Board meeting and General Assembly of Eurogypsum, presenting our sustainable positioning and driving common sustainability linked initiatives.

Planet

Innovation department, environmental partnerships and academic institutions.

We see the planet as a critical stakeholder for our business. 2022 was the sixth hottest year on record[1] and we recognise the building sector is key in helping reduce negative environmental impacts caused by climate change. Therefore, we are exploring new ways of adapting to and mitigating the results of climate change on this planet we all share. Our innovation department, strong partnerships, view of science, and bonds with academic institutions bolster our effort here and serve to remind us of how connected we all are to the planet. **Our commitment to reducing our carbon intensity by 35% by 2030** compared to our 2018 baseline will support the overall goal to make Europe carbon neutral by 2050.

[1] National Oceanic and Atmospheric Administration, 2022 was the world's 6th warmest year on record

Regulatory authorities and public affairs

Regulatory authorities, standards bodies, governments and policymakers.

Regulation and regulatory bodies play a key role in setting the framework for any organisation to achieve social, environmental and economic outcomes. To enable more standardisation across the building process and lower its environmental impact, emerging regulations look set to incentivise modern methods of construction, including those used by Etex. We monitor these developments and push for them to be ambitious in line with our sustainability and CSR objectives. Etex connects with these stakeholders through various channels, including our involvement in **CEN** (European Committee for Standardisation) in Europe and **ISO** (International Organisation for Standardisation) globally.

Etex's Governance Universe

Board of Directors

Strategy Committee

Responsibilities

- Evaluate strategic proposals
- Recommendations to the Board of Directors
- Acquisitions, divestments and geographic diversification

People Committee

Responsibilities

- Strategic human goals
- Remuneration and benefits
- Board member proposal and selection
- Resource management

Sustainability Committee

Responsibilities

- Sustainability strategy and implementation
- Stakeholder engagement and communication
- Social projects
- Change management

Risk and Audit Committee

Responsibilities

- Risk management
- Operational risk
- Internal audit
- Financial reporting
- Statutory audit

Executive Committee

Outcomes

- Integrated purpose
- Transparency and Legitimacy
- Sustainability improvements
- Risks well managed
- Ethical leadership
- Stakeholder trust

Governance

Etex is committed to the principles of corporate governance and employs a sound approach to managing and steering our company in line with our strategic drivers and the best interests of our internal and external stakeholders. For us, governance is intrinsic to achieving superior performance.

Our management structure

Our management structure and processes are designed to optimise our financial and sustainability performance while reducing the possible risks and impact on our activities. We are committed to the principles of corporate governance; the latest version of our corporate governance charter can be found here on our website.

Etex is managed by the Chief Executive Officer (CEO), the Executive Committee and the Board of Directors. Governance and strategic initiatives for delivering successful commercial, operational and sustainability performance are consistently a topic of Board interest as well as group management meetings.

Board of Directors

Etex's Board of Directors sets the overall group strategy, decides on major investments and monitors all corporate activities. Its composition is carefully balanced and includes representatives of Etex's shareholders and management as well as Independent Directors. Seasoned Board members are a major asset to our company. The Board of Directors met six times in 2022 to discuss updates and approve proposals by the Executive Committee and recommendations from the advisory committees. Throughout the discussions held in 2022 the Board reflected on purpose, value, mission, policies and goals related to sustainable development with a particular focus on the Sustainability Roadmap 2030.

The office of the CEO, together with the Secretary of the Board, manages the information flow between the Executive Committee and the Board. The Board documents and other relevant information are shared through a secured digital platform accessible to Board members only. To assist and advise the Board on specific matters, all four advisory committees were active throughout 2022: the Strategy Committee, the Risk and Audit Committee, the People Committee and the Sustainability Committee.

Changes to the Board of Directors in 2022 can be found p.23.

In addition to allowing its large, long-term family of shareholders to be represented on the Board, Etex seeks to attract directors of diverse backgrounds and expertise, based on the following key criteria:
- Specific skills,
- Knowledge of the sector in which Etex is active,
- Experience,
- Availability to devote time to Etex.

Etex seeks to make sure that each applicant director has specific skills, knowledge and/or experience to complement the skills, knowledge and/or experience already present on the Board so that the Board as a whole has the necessary skills to fulfil its duties properly. Etex also strives to promote gender diversity within the Board.

The Board reviews its size, composition, performance and those of its committees at least every three years.

Etex's dedicated advisory committees

The Board of Directors has the following four dedicated advisory committees to assist and advise on specific matters.

Strategy Committee

The Strategy Committee normally meets one week prior to any meeting of the Board regarding strategic decisions or projects and at least four times a year.
Chairperson: ViaBylity BV, represented by its permanent representative Hans Van Bylen.
Members: Thierry Vanlancker, Argali Capital BV, represented by its permanent representative Pascal Emsens, MucH BVBA, represented by its permanent representative Muriel De Lathouwer, JoVB BV, represented by its permanent representative Johan Van Biesbroeck, BCCONSEIL SRL, represented by its permanent representative Bernard Delvaux.
Number of meetings in 2022: Six
Role and purpose: The Strategy Committee evaluates the Executive Committee's strategic proposals and makes recommendations to the Board of Directors. It also reviews the Executive Committee's proposals for acquisitions, divestments and geographic diversification.

Risk and Audit Committee

The Committee meets at least three times per year. At least one member is independent.
Chairperson: Ines Kolmsee.
Members: Teodoro Scalmani, GUVO S.R.L., represented by its permanent representative Guillaume Voortman, JoVB BV, represented by its permanent representative Johan Van Biesbroeck.
Number of meetings in 2022: Four
Role and purpose: The Risk and Audit Committee reviews Etex's financial reporting processes and the statutory audit of Etex's annual accounts. Above all, it ensures the consistency and reliability of accounts and all other financial information submitted to the Board. Moreover, the Committee monitors Etex's risk and internal

control management systems. All its members have accounting and audit experience.

People Committee

The Committee meets at least two times per year.
Chairperson: Thierry Vanlancker.
Members: MucH BVBA, represented by its permanent representative Muriel De Lathouwer, CT IMPACT BV, represented by its permanent representative Caroline Thijssen, JoVB BV, represented by its permanent representative Johan Van Biesbroeck.
Number of meetings in 2022: Five
Role and purpose: The People Committee assists with selecting and proposing Board members. It also determines the remuneration and benefits structure for Executive Committee members. Its job is to ensure incentives reflect market practices and are optimally designed to support Etex's strategic goals.

Sustainability Committee

Chairperson: Bernadette Spinoy.
Members: Christian Simonard, CT IMPACT BV, represented by its permanent representative Caroline Thijssen, JoVB BV, represented by its permanent representative Johan Van Biesbroeck, BCCONSEIL SRL, represented by its permanent representative Bernard Delvaux.
Number of meetings in 2022: Five
Role and purpose: The Sustainability Committee ensures that Etex effectively addresses the economic and societal challenges associated with its mission to offer construction solutions that contribute to a better world. It considers the impact of Etex's businesses, operations and programmes from a corporate social responsibility and sustainability perspective, taking into consideration the legal framework and the interests of all stakeholders.

Integrating sustainability governance

Sustainability governance is integrated at all levels of the organisation, ensuring that we have the resources and input to engage with our stakeholders and continuously improve our overall performance.

The Board approves initiatives relating to sustainability and corporate social responsibility upon recommendations by the Sustainability Committee.

Sustainability governance is integrated at all levels of the organisation

Both bodies promote a culture that sets high standards for sustainability and reviews performance against those standards. They also monitor and review Etex's policies on sustainability and corporate social responsibility.

In 2022, the main topics discussed by the Sustainability Committee covered:
- Etex's sustainability strategy and ambitions,
- Regulations,
- Actions and commitments related to our five priority areas (health, safety and well-being, decarbonisation, circularity, diversity, equity and inclusion, customer engagement),
- ESG and supplier ratings,
- Sustainability reporting,
- Social projects.

In 2022, the Sustainability Committee discussed, decided and set our sustainability goals for 2030, as well as specific annual goals for 2022, which were integrated into the Etex bonus programme. During each quarter, the results of the sustainability projects, particularly in the areas of our sustainability workstreams (Diversity, equity and inclusion, circularity, health and safety, and decarbonisation), were discussed and recommendations made. Looking to 2023, the Committee has agreed to inform all Board members about the key legal requirements, benchmarking, and best practices we should be adopting for sustainability. On this basis, the sustainability strategy and our sustainability materiality topics can be checked and aligned. Read more here.

Corporate sustainability is managed at group level by our Sustainability team, led by the Global Head of Sustainability and the Head of Corporate Social Responsibility. Both individuals report to the CEO of Etex, with the latter acting as Secretary of the Sustainability Committee.

Etex has seven sustainability workstreams covering: Circularity; Decarbonisation; Diversity, Equity and Inclusion; Health and Safety; Communications; Reporting; and Regulatory Affairs. Each workstream has a dedicated leader that supports the implementation of the prioritised Sustainable Development Goals (SDGs) and relevant sustainability topics. The leaders are responsible for monitoring and reporting on progress. All workstream leaders, together with the sustainability leaders of the Etex platforms, meet bi-weekly to give updates on recurrent topics and meet monthly with the Executive Committee. The team consisting of the workstream leaders and the Executive Committee is called the Sustainability Steering Committee and is under the lead of the CEO.

At the same time, the Heads of Division, together with the product platforms' leaders and those responsible for the sustainability of each platform, supervise the operational implementation of corporate sustainability and ensure customers are aware of this.

How sustainability is integrated into our risk assessment

Sustainability is also integrated into Etex's risk assessment process. Firstly, sustainability-related developments such as climate change are identified as risks in the group risk register, e.g.natural disaster risks on our operations and supply disruption risks. Secondly, certain risks need to be actively managed because they could otherwise lead to adverse impacts on people's health and safety or the environment.

As part of our risk assessment cycle, assessment results are presented to and discussed by our top management, Risk and Audit Committee and Sustainability Committee, based on which risk owners and mitigation actions are defined.

We see it as important to include sustainability factors in our risk assessments. For example, water scarcity is a topic that we also added to our sustainability agenda, and we are increasing our focus on this topic also from a risk management perspective.

Board members

As of 31 December 2022.

Relevant decisions approved by the Shareholders' meeting on 25 May 2022:
- Renewal of the mandate of Bernadette Spinoy as Independent Director for a term of three years.
- Resignation of Gustavo Oviedo as Independent Director of Etex, having reached the age limit.
- Appointment of Ines Kolmsee as Independent Director for a term of three years.

JoVB BV
Permanent representative:
Johan Van Biesbroeck
Chairman
Strategy Committee
Risk and Audit Committee
People Committee
Sustainability Committee

BE

BCCONSEIL SRL
Permanent representative:
Bernard Delvaux
CEO
Strategy Committee
Sustainability Committee

BE

ARGALI CAPITAL BV
Permanent representative:
Pascal Emsens
Director
Strategy Committee

BE

CT IMPACT BV
Permanent representative:
Caroline Thijssen
Director
People Committee
Sustainability Committee

BE

GUVO BV
Permanent representative:
Guillaume Voortman
Director
Risk and Audit Committee

BE

MucH BVBA
Permanent representative:
Muriel De Lathouwer
Director
Strategy Committee
People Committee

BE

ViaBylity BV
Permanent representative:
Hans Van Bylen
Director
Chairperson of the Strategy Committee

BE

Teodoro Scalmani
Director
Risk and Audit Committee

IT

Christian Simonard
Director
Sustainability Committee

BE

Bernadette Spinoy
Director
Chairperson of the Sustainability Committee

BE

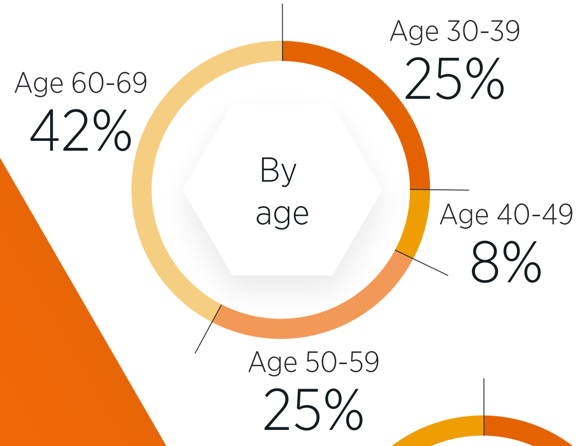
Thierry Vanlancker
Director
Strategy Committee
Chairperson of the People Committee

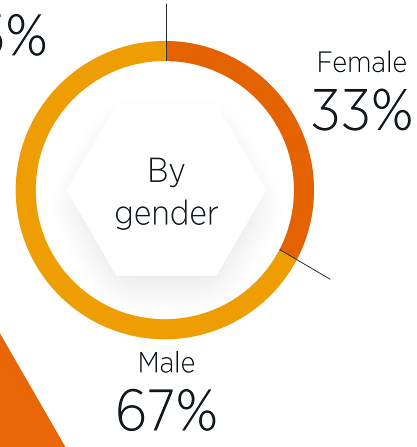
BE

Ines Kolmsee
Director
Chairperson of the Risk and Audit Committee

DE

Diversity





Executive Committee

Etex's Executive Committee members are entrusted by the Board of Directors with our day-to-day business. Their comprehensive knowledge, diverse experience and hands-on approach to leadership ensure a strong operational focus on our values and strategic framework. Sustainability is a flagship topic for our Executive Committee.

The CEO, on behalf of the Executive Committee, provides updates to the Board at each Board meeting. For an overview of business risks assessed by the Executive Committee, read more here.

Executive Committee members as of 1 April 2023.

Bernard Delvaux
Chief Executive Officer
Joined Etex in 2021
BE
FULL CV

Mel de Vogue
Chief Financial Officer
Joined Etex in 2015
FR
FULL CV

Michael Fenlon
Head of Division Exteriors
Joined Etex in 1998
IE
FULL CV

Jochen Friedrichs
Head of Division Buidling Performance[1]
Head of Division Insulation
Joined Etex in 2022
DE
FULL CV

Tanguy Vanderborght
Head of Division Industry
Joined Etex in 1997
BE
FULL CV

Patrick Balemans
Head of Division New Ways
Joined Etex in 2005
BE
FULL CV

Louise Cail
Chief Human Resources Officer
Joined Etex in 2018
UK
FULL CV

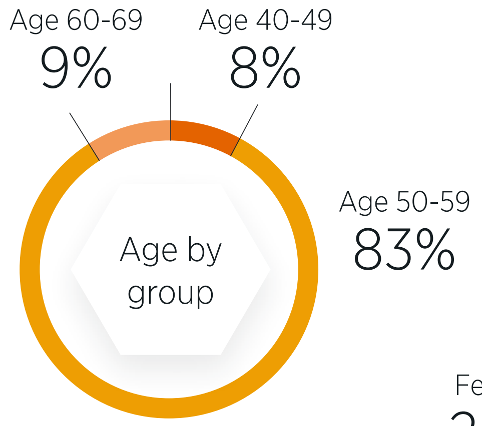
Christophe David
Chief Manufacturing Officer
Joined Etex in 2011
FR
FULL CV

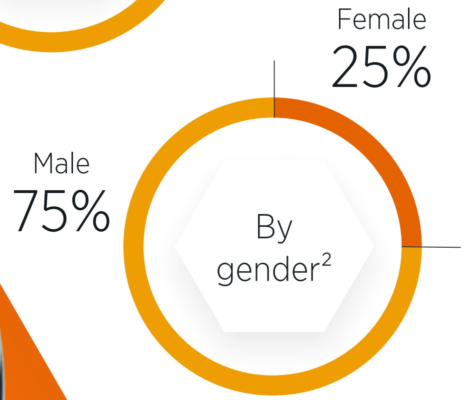
Virginie Lietaer
Chief Legal Officer
Joined Etex in 2020
BE
FULL CV

Carla Sinanian
Chief Strategy Officer
Joined Etex in 2017
SE
FULL CV

Didier Staquet
Chief Performance Officer
Joined Etex in 2012
BE
FULL CV

Diversity





[2] Three out of 12 Executive Committee positions are held by women.

[1] Jochen Friedrichs became Head of Division Building Performance on 1 April 2023. He remains Head of Division Insulation *ad interim* until a successor is appointed.

Delivering on our strategy

3

Etex's strategic framework

We have come a long way on delivering our strategy, transitioning from compliance to driving sustainability as a guiding compass of business transformation, with concrete objectives that reflect our ambition.

We lead the way in **5 TECHNOLOGIES**

Supported by **4 DRIVERS**

Read more here >

Read more here >

Read more here >

Read more here >

Our strategic framework guided by our purpose is directing Etex to foster stronger, closer ties with customers, and embrace sustainability and innovation as a driver of success. It encourages us to improve our processes and products while committing to safety in the workplace. It drives us to create a safe and inclusive environment where all teammates can develop their expertise within innovative, supportive teams.

Our four strategic drivers and the unique business attributes of Etex, enable us to increase opportunities for our group, teammates and sustainability. This is interweaved with our five technologies.

Our five technologies

1. Gypsum

Plasterboards, plaster and compounds for internal and external lightweight drywall applications.

2. Fibre cement

Cladding and façade coverings for commercial and residential applications, corrugated sheets for agricultural use and fibre cement materials for residential terraces and decks.

3. Passive fire protection and high performance insulation

Fire-stopping boards, paints, sprays and passive fire protection systems for vehicles, industrial facilities, buildings and more.

4. Insulation

Glass mineral wool and extruded polystyrene (XPS) that guarantee excellent insulation quality for building envelopes, internal partitions, floors, ceilings and air conditioning ducts.

5. Systems and solutions

High-precision, comprehensive wood and steel framing technology for buildings and houses, rapidly assembled on-site.

Our five technologies address different market segments and tie in with our four strategic drivers and group ambitions. This creates a virtuous circle, connecting technologies and drivers to deliver high-quality products, solutions and experiences for our customers.

Risks and opportunities

How we manage risks and opportunities

Like all businesses, we encountered new risks and opportunities throughout 2022 which impacted the business and our strategic drivers. This included, but was not limited to, the war in Ukraine, the cost-of-living crisis, impacts due to climate change and new sustainability-related regulations.

We responded and adapted as we always do, with integrity, resilience and forward planning. For instance, with the energy crisis, Etex remained largely protected from extreme price increases due to our robust hedging policy. We also established an energy management team, composed of engineers and energy experts, to identify opportunities to reduce our energy consumption and raise awareness across Etex. From a regulatory angle, the EU Green Deal, Circular Economy Action Plan, Supplier Due Diligence and local laws are beginning to ramp up, deterring non-circular construction operations and accelerating net zero ambitions. In our global operations, we have also become subject to Extended Producer Responsibility (EPR) in countries such as France.

Therefore, we intensified our approach to monitoring regulations in 2022. Our corporate regulatory affairs team is following regulations closely, mapping out our requirements at a local level. In 2022, we implemented a Supplier Code of Conduct and increased the number of ESG-rated suppliers to 865 suppliers, inviting our partners to support our Sustainability ambitions. For an overview of all business risks assessed by the Executive Committee, read more here.

Our green positioning opportunity: using product features to respond to the climate crisis

One of the biggest challenges we face today is climate change. The Intergovernmental Panel on Climate Change (IPPC)'s Sixth Assessment Report concluded that each of the last four decades has been successively warmer than any decade that preceded it since 1850[3]. To combat this, we must keep to the Paris Agreement's objective of limiting temperature increases to well below 2°C, which requires long-term ambitious planning and short-term action by all.

The building and construction sector's contribution to greenhouse gas (GHG) emissions still accounts for 28% of global emissions. To comply with the Paris Agreement and national net zero targets, buildings must be retrofitted with energy-efficient, renewable sources. For us, the opportunity is clear: we are committed to combating climate change by joining forces and focusing on the core strengths of our products. We call this our green positioning and we are achieving this through:

- Our lightweight construction solutions offering the potential to reduce raw materials, energy use and emissions, contributing to circularity through deconstruction, reuse and recyclable designs,
- Our position as an innovative leader in durable fibre cement solutions, maintaining the longevity of our fibre cement material that conserves resources and reduces waste and associated emissions,
- Setting the standard in fire protection and insulation materials, safeguarding against fires and reducing energy consumption in buildings and industrial applications.

We remain ambitious with our plans, and along with our innovation teams, we are continuing to shape and share our climate-conscious portfolio. This includes developing more modular building solutions, prefabricated units and dry construction and insulation materials which are all helping to curb the negative trends of climate change. To focus on our social impact, we have been a signatory of the UN Global Compact since 2019, and remain vigilant and proactive when it comes to human rights, business principles (Me & Etex – our Code of Conduct), climate justice, responsible use of raw materials and caring for our teammates.

UN GLOBAL COMPACT

[3] 1 IPCC, Climate change 2021, The physical science basis report, 2021, Sixth Assessment Report (ipcc.ch).

Materiality matrix

Our materiality matrix built on the UN Sustainable Development Goals (SDGs)

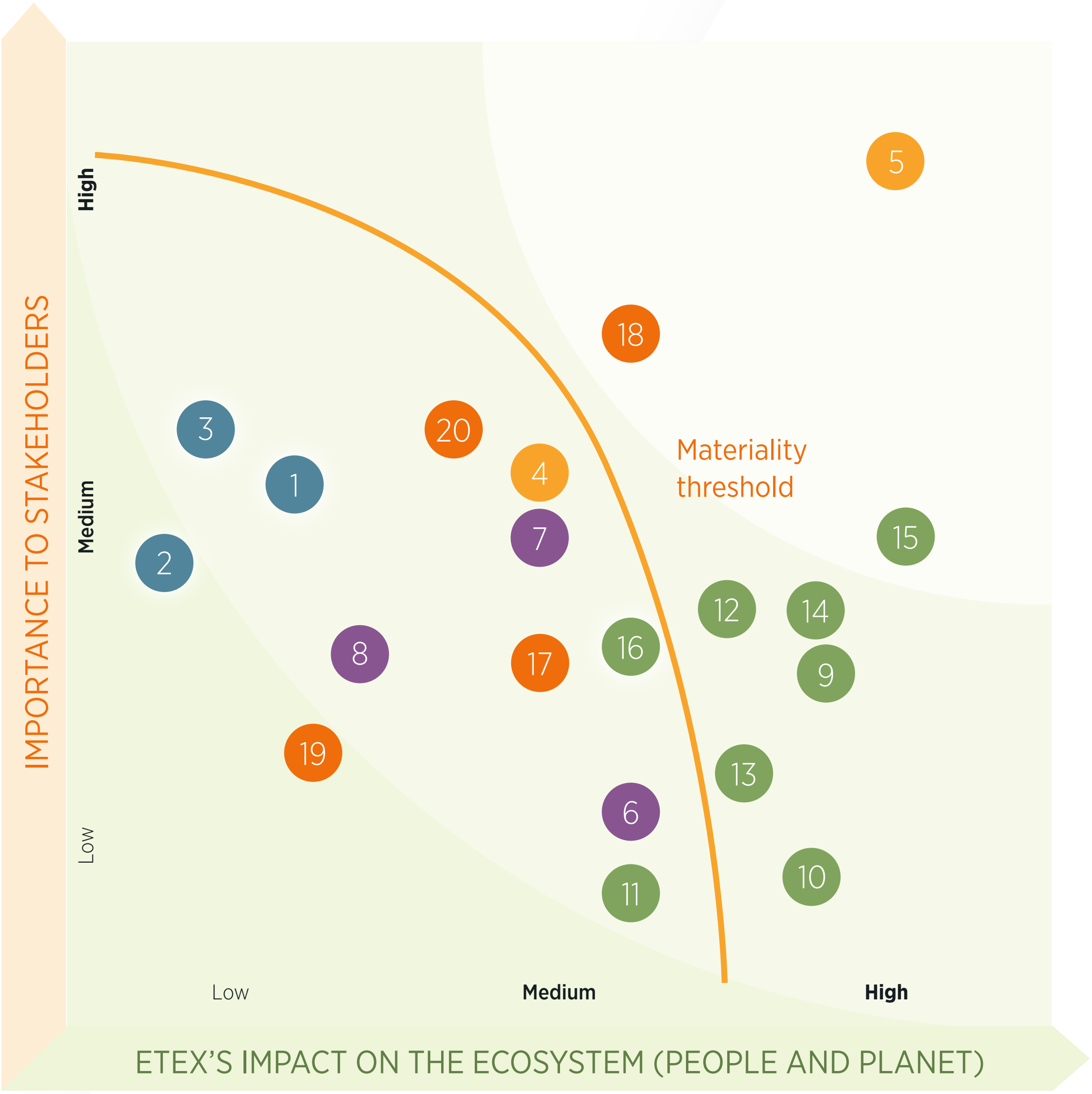
To operationalise our contribution to the SDGs in terms of specific actions, objectives and KPIs, we identified in 2020 which sustainability topics are most material for Etex, i.e. where the company has the biggest impacts on planet and society.

Following input from 650 internal and external stakeholders as well as from a trends analysis (see Sustainability Report 2021, pp. 18-19), measures for five materials were prioritised in 2021:

- Health, safety and well-being,
- Decarbonisation,
- Circularity,
- Diversity, equity and inclusion,
- Customer engagement.

Based on these priorities, in 2022 we built our Road to Sustainability 2030 and set key targets for each of these strategic ambitions.

We forsee a new survey in 2023.



People

	TOPIC
1	Employee training and development
2	Employee engagement
3	Diversity, equity and inclusion (employees)

Health, safety and well-being

	TOPIC
4	Employee work-life balance, health and well-being
5	Safety management

Community relations

	TOPIC
7	Community engagement
7	Responsible economic growth
8	Customer and stakeholder relations and satisfaction

Environment

	TOPIC
9	Energy and emission management
10	Renewable energy sourcing
11	Impact of transport and logistics
12	Water management
13	Biodiversity and ecosystem management
14	Waste management
15	Sustainable products, services and innovation
16	Circular economy

Business ethics

	TOPIC
17	Responsible materials sourcing
18	Business ethics
19	Fair operating practices in the value chain
20	Pricing integrity, transparency and anti-trust

Road to Sustainability 2023

OUR DAILY GOALS

Health, safety and well-being

- **0 fatalities**
- **0 harm**
- **0 burnouts**

GOALS FOR 2025

Customer engagement

Build a **sustainable roadmap per product**

Diversity, equity and inclusion

- Cover all teammates by **diversity, equity and inclusion policies, procedures and practices**
- **Train all teammates** on diversity, equity and inclusion
- **Achieve gender pay equality**

GOALS FOR 2030

Decarbonisation

Reduce greenhouse gas emissions (CO_2e intensity of scopes 1 and 2) by **35%**[1]

Circularity

- Use **more than 20% of circular input as raw material**[1]
- **Zero waste to landfill**
- Use **100% recycled packaging material** and reduce plastic packaging by **20%**[1]
- Offer a **take back service** of our product portfolio in **80% of our European countries**
- Dedicate **50%** of our innovation resources to **sustainability**

[1] Compared to the 2018 baseline.

Engaged people

Our teammates are our first priority. We call everyone 'teammates', as team spirit is an essential driver of our collaborative culture. Our aim is to build a place for teammates who want to make a positive impact – those who are motivated by changing people's lives, improving the future of the planet and over-delivering for our customers.

We have worked hard to build our Employee Value Proposition (EVP), connecting teammates to our purpose to ensure everyone is empowered to live our 'Inspiring ways of living' purpose in a way that is personal to them.

At Etex, engaged people covers two key elements:

- **Upholding the Etex culture** ensuring trust and fairness are distilled and we have confidence in leadership.
- **Engaging with my manager** maintaining positive relationships with one's manager to give the right recognition, feedback and direction to all teammates.

Upholding the Etex culture
Having confidence in leadership starts with clear communication, so teammates understand what we stand for, what our vision is and how they fit into the picture. We connect to our teammates across the globe through online live sessions such as the Etex Insights, Etex Team Talks and social media channels. This year, we launched the Factory of Tomorrow campaign, ensuring teammates in our factories understand our long-term vision and short-term actions and that they are at the heart of our business.

Engaging with my manager
People work for people and the relationship with their manager is key to their engagement. We continue to invest in our managers, as it is through them that we are able to reach our more than 13,500 teammates.

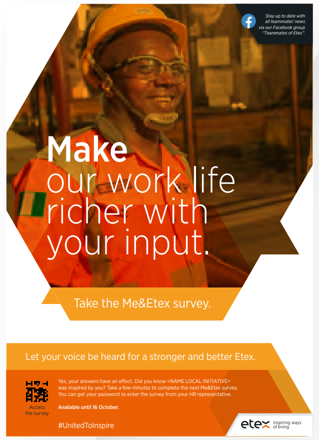
Our engagement

We run an annual Me & Etex survey, giving us valuable insights into the employee experience. As people work for people, managers have direct access to their survey results, allowing them to have dialogue with their teams and draw up tailored action plans.

Me & Etex survey results

84% Me & Etex response rate (vs. 78% among peers)

84% Engagement rate[1] (vs. 80% among peers)



[1] Engagement rate is based on the two key engagement questions in the engagement category of the survey.

Talent & development

Our development is built on three pillars: learn, grow and lead. In 2022, we expanded our global Talent & Development team to include regional and local talent and development managers. Each year, we adjust and grow our offering to fit our teammates' needs through the different stages of the employee lifecycle: from joining and onboarding, to growing into the position, to leading.

- In line with upholding the Etex culture, we expanded our robust programmes such as the global Etex Induction Programme Personal Development Booster, or Explorer.
- Supporting teammates in their functional development and skill growth is enabled through both local and global initiatives. This includes the three-year training plan for Promat with 48 courses available on demand, the Continuous Improvement pillar certification programme run twice a year, and the upskilling of technical operators ensuring knowledge transfer with an ageing population.
- As people work for people, the development of our people managers is key for us, as it is through them that we engage with all >13,500 teammates in Etex. We have tailored programmes for the different stages in a leader's journey. To target our factory people leaders, we have implemented the Global Leadership Programme for first line managers in our plants with over 15,000 training hours. The main uptake in 2022 covers Latin America, Asia-Pacific, Nigeria and South Africa. It is our ambition to have covered all our sites within three years.
- We also launched our Lead to Inspire programme with an engaged group of 38 senior leaders across 19 countries. This is a 50-hour training course spread over four months and ten modules, and covers envisioning the future, coaching, trust and empowerment, excelling as a team, connecting and inspiring.

A culture of recognition

Rewards and recognition are an intrinsic part of our culture. It is extremely important to us that teammates are recognised for a job well done (performance) or for showcasing our values in an outstanding way (behaviour).

As part of our total reward philosophy, we pay for performance. All teammates go through a yearly performance review, covering what they achieved (targets) and how these were achieved (behaviour). Recognition can be given informally with a pat on the back, via a mention in a team meeting or through our reward and recognition programme allowing both teammates and managers to nominate each other or a team for impact and excellence awards. In addition, once a year, we have a CEO award. In 2022, it was awarded to our plant in Maipú, Chile, as the entire factory contributed to consistent progress towards operational excellence. A great example of what we aspire to achieve through the Factory of Tomorrow: Our goal is to turn our factories into ever better places to work and create value, by inspiring, coaching and supporting all teammates to do their very best.

Our Ukrainian teammates

With around 250 teammates living and working in Ukraine, we were deeply saddened and concerned

about the safety of our teammates and customers. As a company whose purpose is to build safe living spaces, it is even more worrying to see this war take place with so many people having to flee their homes or fight for them.

Our first and foremost concern is the safety of our teammates and their families. We immediately ceased all activities so they could find safe refuge. In addition, we provided financial support, arranged safe transport and provided accommodation in Ukraine, as well as across the border.

Teammates from all over the globe came together to support our Ukrainian teammates in different ways: picking teammates up at the border, driving them to safe places, collectively raising a total of EUR 37,000 through a donations fund, or offering accommodation to our teammates and their family members. Never has our value Connect and Care come to life more than in the past year.

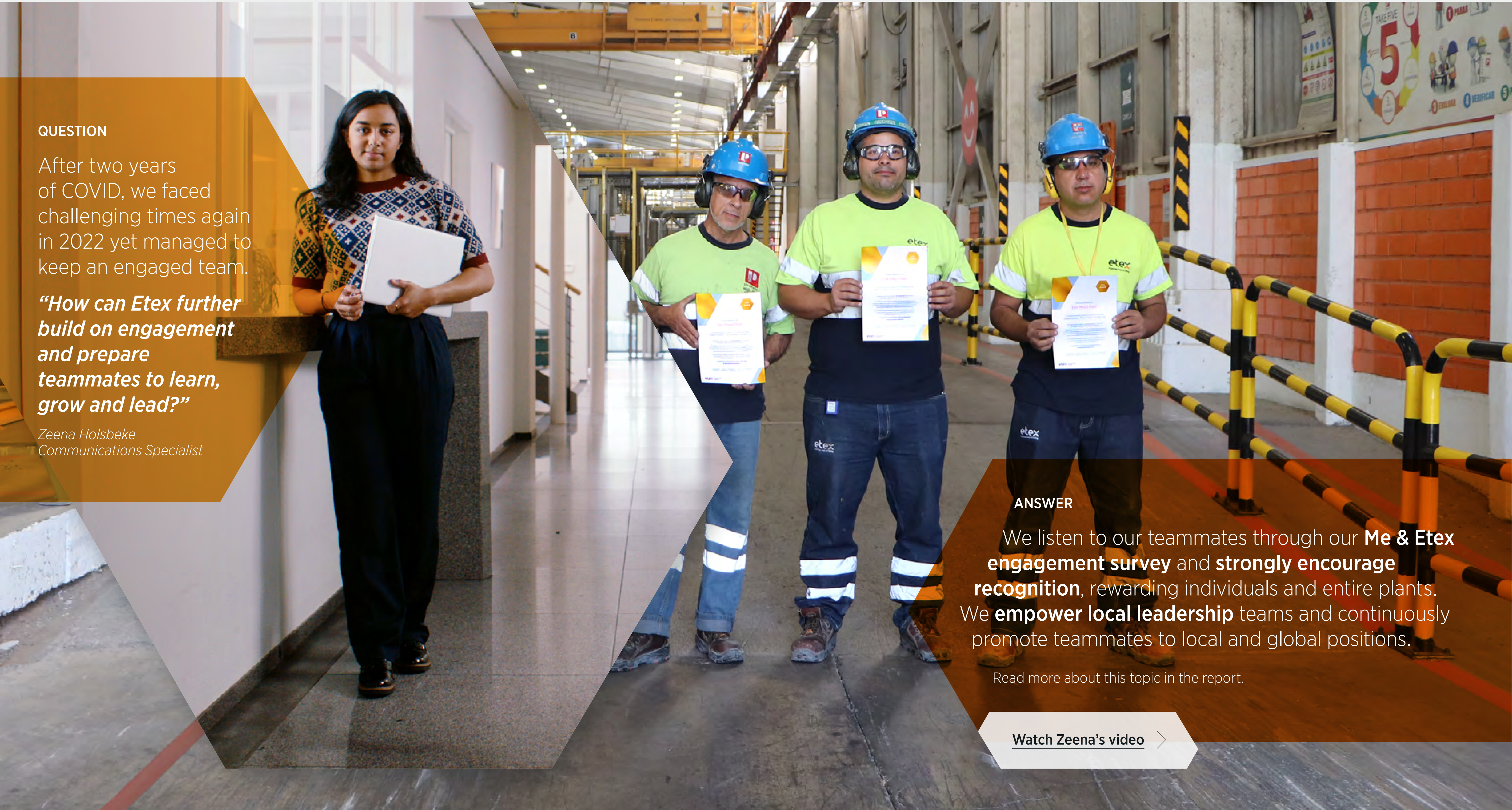
Diversity, equity and inclusion (DE&I)

We have spoken about how engagement is linked to people feeling part of Etex and understanding how they fit in. We are convinced that reaping the benefits of our global organisation and tapping into the full potential of our diverse teammates, thoughts, and ideas through an inclusive environment with equal opportunities for all, will give Etex a competitive edge resulting in sustainable business growth, enabling us to maximise performance and innovation, and become an employer of choice.

Our DE&I roadmap will impact Etex and teammates in various ways:

- Teammates will feel respected for who they are and what they bring to the table,
- They can become the very best version of themselves,
- An inclusive environment will enhance the sense of belonging, people engagement, pride to be part of Etex, and overall well-being,
- It will also attract talents and boost employee retention.

To help progress our journey on DE&I, we defined three focus areas. The first one is linked to policies, procedures and practices, ensuring an Etex manifesto covering all teammates in addition to already existing great initiatives in our different locations, and clearly states what we stand for and what teammates can expect from us and from each other. The second one is linked to our company culture and making sure that it is not just a statement. More specifically, it is about training teammates on DE&I to make sure our manifesto comes to life in our day-to-day interactions. The third focus is linked to pay equality, starting with a robust grading system and job architecture. By making DE&I an intrinsic element throughout the different stages in the employee life cycle, we will be able to build an inclusive work environment where teammates can thrive.



QUESTION

After two years of COVID, we faced challenging times again in 2022 yet managed to keep an engaged team.

"How can Etex further build on engagement and prepare teammates to learn, grow and lead?"

Zeena Holsbeke
Communications Specialist

ANSWER

We listen to our teammates through our **Me & Etex engagement survey** and **strongly encourage recognition**, rewarding individuals and entire plants. We **empower local leadership** teams and continuously promote teammates to local and global positions.

Read more about this topic in the report.

Watch Zeena's video

Operational excellence

As manufacturers in heart and soul, we focus on continuous improvement and safety. We aim to create a company culture that allows for autonomy among our teammates, to manufacture valuable products for our customers and to achieve sustainable growth over a long-term period.

To fulfil our ‘Inspiring Ways of Living’ purpose, all our factories must move to the next level. To achieve this, we are building the Factory of Tomorrow.

Building the Factory of Tomorrow

The Factory of Tomorrow is a journey of continuous improvement. Our goal is to transform our factories into even better places to work, creating value through inspiring, coaching and supporting all teammates to do their very best in our **four operational excellence areas**.

To build the Factory of Tomorrow, we have set up a three-year master plan for each site that outlines two to three objectives, including projects and a roadmap for implementation. Objectives and projects are adapted per plant to fit in with local priorities.

We want to empower managers and teammates to define their own Factory of Tomorrow, as creation and implementation are the responsibility of each factory manager.

1 **Environment, Health and Safety (EHS):** create a zero-harm culture and move towards a workplace and a planet that are safer, healthier and more sustainable.

2 **People Engagement and Leadership:** enable all teammates to enjoy their full potential and make all teammates feel proud, happy and connected.

3 **Customer Centricity:** satisfy our customers and meet their high demands for product quality and service delivery to strengthen our partnerships for the future.

4 **Cost Leadership:** add value in all we do. Work on our efficiency to become more competitive and future-proof.

Engaging our teammates

Our plants have installed a Factory of Tomorrow wall to share their three-year master plan, making the KPIs, targets and key projects for the year visible to all teammates. It contains a QR code that directs teammates to our Etex Ideas app. This app allows the plants to look for or share good practices already implemented in some other plants with the aim of accelerating performance via knowledge sharing. Since the launch, we have had 622 ideas, 32 ideas copied and 29 challenges published.

Continuous improvement management

Our continous improvement management is interconnected with the ambitions of the Factory of Tomorrow.

This is achieved through the meticulous tracking and trending of our top KPIs. Our top three plant KPIs from the three-year master plan are set up on the shop floor and we have an Etex

teammate monitoring these figures and their progress every hour. This provides a clear picture of our performance and helps to harmonise processes and guide our resilient operational future.

Centres of Excellence

We have created technology-based Centres of Excellence. These new teams have the goal of accelerating our performance improvement by transferring our best practices into the plant and supporting the plants in implementing their improvement ambitions.

This is helping to define the priorities for implementing our standard practices, enabling the sharing of data, and the fostering of good practice through Etex Ideas.

Health, safety and well-being

Ensuring safety is our utmost priority at Etex. Our structured and evolving approach builds on our teammates who, with their experience, professional attitude and dedication to caring for each other, take ownership every day to apply our health and safety rules.

Our 2022 safety figures[1]

We have key metrics to assess our safety performance. Our Etex Site Excellence tool, along with our Etex Environment, Health & Safety (EHS) Management app, allow our EHS Managers to report on KPIs monthly in a very easy way.

Our figures include all Etex employees[2] and correspond to 29,933,630 hours worked in 2022. Rates are calculated based on 1,000,000 hours.

We expect a safety intensity of one (one safety engagement activity per employee per month). In 2022, we exceeded our target with an average of 1.64.

A human response

Every year, we strive for zero accidents in the workplace. However, there was a work-related fatality of a permanent contractor in May 2022 at our Cartagena plant in Colombia. We deeply regret this and realise that we still have to improve in order to meet our claim that we do not have occupational accidents. A detailed investigation into the accident was completed by external specialists with corrective action plans immediately implemented and transferred across our locations.

In 2022, 25 major accidents were recorded with two unfortunately resulting in permanent disability at our Belgian plants, Sint Niklaas and Tisselt. We are conducting further gap analyses and implementing related action plans.

1 The figures exclude the newly acquired entities to allow comparability of the reported performance. These figures will be included in reporting when the acquisitions have been fully integrated and aligned with Etex's health and safety management system, which is planned for 2023-2024.

2 Etex employees include anyone on the Etex payroll – permanent employees, temporary or hired employees and permanent contractors. Non-permanent contractors are excluded.

Frequency rate of lost-time accidents

Number of lost-time accidents per one million hours worked

1.4

Target (ongoing)

2022 1.85

Gravity rate of accidents

Level of absenteeism after an accident. The higher the rate, the more severe the accidents

0.1

Target (ongoing)

2022 0.59

Total accident frequency rate

Frequency of lost-time and medical aid accidents per one million hours worked

2.85

Target (ongoing)

2022 3.75

Safety intensity

Average number of safety activities per employee per month

1

Target (ongoing)

2022 1.64

How we manage health and safety

Plant Managers, EHS managers and all manufacturing leaders are accountable for the safety performance of their plant.

Our sites must self-assess and track compliance with our standards at least annually to detect gaps vis-à-vis our EHS standards and policies. In 2022, we organised 'EHS Peer visits' across 63 operational sites where teammates visited other factories to carry out internal assessments. Internal and external audits are carried out for sites certified ISO 45001.

Our actions to minimise risks

We complete systemic Hazard Identification and Risk Assessments (HIRA) of all routine tasks and measure results through assessments and reporting processes. Our plants scored on average 90% in 2022.

We set up a central HIRA taskforce to support and have a new EHS leadership team to ensure better contact with sites and distil improvement actions faster and more effectively.

Further risk management activities include:

- Machine safety assessments,
- Safety observation and conversations where hazardous situations can be identified,
- Safety alerts improved to avoid similar incidents,
- Monitoring last-minute risk assessment (LMRA) for all non-routine jobs,
- Learning from incidents (LFI) process integrated into the EHS app,
- Regular reminders that teammates are encouraged to "SAY NO" if a task cannot be carried out safely,
- Fully integrating Etex's health and safety principles into new company acquisitions,
- Carrying out and updating occupational exposure assessments.

Ensuring everyone is involved

Steady improvement is possible because of the ownership teammates show at all levels and the diversity of knowledge they bring. We maintain this through:

- Communication via health and safety committees,
- Webinars for key internal stakeholders,
- The EHS Summit in 2022, with 69 EHS managers in attendance,
- Health and safety training through our SafeStart programme.

Hours of health and safety training on average per employee:

22.5 h Average

27.5 h Factory workers

8.8 h Office workers

Carefully managing our asbestos past

Asbestos is part of our past and we continue to manage our history with the material carefully. Our group-wide policy enforces this commitment.

Asbestos through the years

In the past, some of our companies used asbestos as a raw material in production.

Preventive measures
Starting in the 1970s, Etex companies took measures to reduce asbestos concentration levels in the air in their factories. These included:

- Masks and other protective gear;
- Dust extraction equipment;
- Shift from dry to wet production;
- Automation of production processes;
- Exploration of alternative materials;
- Ban of blue, brown and later white asbestos.

These measures were aligned with the legislation and based on scientific knowledge available at the time, and were considered effective ways to prevent health risks. However, scientific and medical knowledge further evolved, indicating later that this was not sufficient and that some risks persisted. Asbestos-related diseases such as mesothelioma can take an average of 50 years between the start of exposure and the development of the disease. It is the most cause-specific asbestos-related disease. This long average latency period has slowed down or influenced the progression of scientific understanding of these diseases.

Stringent regulations
Throughout the 1980s and 1990s, the use of asbestos was more strictly regulated and in 2005, the European Union (EU) completely prohibited its use. Etex banned asbestos entirely from the production processes of all its companies in 2002, thus prior to the EU ban.

The global picture
The name Eternit is used to patent the technology which was sold worldwide to multiple companies, several of which adopted and retained the name for their company as well as it being the name of the product. As a consequence, some companies today bear and/or sell products under the name Eternit while not being part of Etex.

It should also be noted that although the use of asbestos is prohibited in the EU, in many countries around the world it can still be legally used and sold.

Health provisions

Since asbestos-related diseases have a long latency period, Etex companies may still receive claims related to former asbestos exposure. As part of our commitment to compensate victims, our company provides settlement costs for past and future claims.

Several variables affect how compensation is calculated, and these may change over time. We therefore regularly review our approach to take into consideration any new information that may become available.

EUR
10 million
in donations to the Belgian Foundation Against Cancer between 2012 and 2024

Group-wide policy

We cannot undo the past and we deeply regret that people became and still become seriously ill due to asbestos exposure. To put adequate support systems in place we established a mandatory policy that enables our companies to manage their past vigilantly. The policy is based on a three-way approach: compensate victims, prevent exposure and support research.

Compensate victims

Etex companies have to ensure that those who become seriously ill due to being exposed to asbestos in their factories receive fair financial compensation.

Prevent exposure

Etex companies constantly monitor the presence of airborne fibres and safely manage all buildings and landfills. In 2020, we started asbestos awareness training involving 150 Site Managers, EHS Managers and Project Managers from all over the world. The training was focused on our asbestos policy, the potential risk exposure, preventive health and safety measures, air monitoring, project management and communication. In the course of ongoing initiatives to upgrade sites and buildings, including sites from acquisitions, we also inventory and remove asbestos-containing materials.

Support research

Etex supports medical and scientific research. We started to support the Belgian Foundation Against Cancer in 2012 and we are committed to support their research work until 2024, with a total donation of EUR 10 million over this period. It is our sincerest hope that treatment for asbestos-related illnesses will benefit from medical and scientific research in the future.

About asbestos

Since its discovery and mainly since the industrialisation, this naturally occurring silicate mineral has been used and is still used worldwide in many sectors due to its technical characteristics. Asbestos is highly heat and chemical resistant, electrically non-conductive and rot-proof. It became the norm to use asbestos in many industrial processes such as textile, plastic, food, automotive, railway, insulation, construction and building industries. However all the health implications of inhaling asbestos fibres were not yet known. Unfortunately it has taken the world decades to fully understand the risks associated with asbestos exposure.

Our supply chain

We witnessed a vast amount of supply chain disruption in 2022. Geopolitical conflicts, energy market price increases, COVID-19 aftershocks and weather-related disasters have all contributed to a challenging period for business operations. As part of the construction industry's value chain, we are conscious of maintaining a resilient, effective and sustainable supply chain that can weather these storms.

2022 figures

21,000 active vendors

55.3 score for the Etex supplier network (above average)

Silver Achieved a Silver EcoVadis rating

Engaging upstream

We have mapped our Tier 1 suppliers to identify hotspots for sustainability-related topics and understand 'higher risk' regions and product categories. We undertook a maturity review assessment by EcoVadis to understand gaps vis-à-vis best in class.

885 suppliers of the Etex supplier network achieved an overall score of 55% representing 20% of our 2022 spendings. Above the average of 44.8. 20% of our suppliers are under the minimum threshold on several topics, however, we have reviewed scores and developed corrective action plans to improve continuously.

Our upstream supply chain is characterised by stable, long-term relationships with local suppliers. They support us through services such as transport, or by securing our supply of different key raw materials, such as gypsum, cement, fibres and others.
We work with our strategic suppliers to discuss and develop a roadmap on implementing more carbon reduction activities.

Engaging downstream

Downstream, our supply chain involves all our Group operational activities and distribution chains.

We defined specific operational initiatives that will aid our continuous improvements and help us reduce impact and achieve operational excellence:

Excellence in planning

- Making enhancements to the decision-making process based on energy supply, optimising production, costs and CO_2 emissions,
- Reducing inventory, achieving a 13.8% reduction of the ratio of inventories to sales, down from 14.5% in 2021.

Excellence in warehousing and handling

- Integrating sustainability elements such as systematic water collection, energy and waste efficiencies into warehouse design,
- Operating green fuel and fully electric forklifts at our plants,
- Developing new forklift Health and Safety standards.

Excellence in network optimisation and transportation

- Tracking CO_2 emissions for each shipment and identifying alternative modes of transport. 98% of our shipments have an accurate CO_2 emissions measurement,
- Adjusting processes to suit local demands, optimising supply allocation and minimising intercompany flows.

Customer experience and Commercial excellence

Customers are at the centre of everything we do at Etex. This allows us to build strong, lasting partnerships, open new opportunities to capture profitable growth and achieve our ambition of delivering the best customer experience in our sector, whilst building a commercially superior organisation.

We aim to provide our customers with best-in-class experiences; whether through the services we offer, how we interact with them, or the quality of the products and solutions we bring. This strategic driver reinforces our commitment to our customers and is yielding positive commercial efforts throughout Etex.

A new strategic driver

Customer experience and Commercial excellence have always been areas of focus for Etex.

However, in 2020, when the COVID-19 pandemic hit, we had to adapt quickly to new ways of interacting with our customers as we could no longer have our sales teams on the road visiting them. We had to accelerate our plans, and this meant digitalising more of our sales operations: moving more account management in-house, reducing business travel and creating more autonomy within Etex. We did not let the COVID-19 pandemic negatively disrupt our business; we acted fast and created new opportunities to improve our commercial effectiveness.

As we resurfaced from the pandemic, the challenge for us was to maintain this momentum and to refine and keep building on the positive work achieved already within this area. This is why Customer experience and Commercial excellence has become part of the Etex Strategic Framework since 2022 as one of our key strategic drivers.

We want to bring the voice of the customer into the business and move our approach from customer service to customer experience, and from sales to commercial excellence.

Our approach

1. Customer experience

In Etex, we wanted to understand our customers' experience throughout their journey. We wanted to understand their critical touchpoints with us; and where our services could add most value and improve their experience with us. We did this by:

- Taking an extensive look into our customers' journeys with us, and mapping them into stages to identify critical touchpoints on those journeys where we could ease pain points or add most value,
- Establishing how we could build solutions and services that would enhance our value propositions to our customers.

During 2022, we managed to complete this part of the process for our two main divisions and will continue with others during 2023.

Customer journey mapping: Cedral Select
An example of how we have improved the Customer experience through mapping customer journeys is through our Cedral

Select application. Our Exteriors brand, Cedral, identified the difficulties homeowners face when renovating their homes with new cladding. In response, we developed Cedral Select, a digital platform to help inspire homeowners with visual representations of what their house could look like and to help them through their customer journey.

For instance, we help homeowners to understand the cost of the work and how it will look, and connect them to recognised experts and reputable installers who they can trust to carry out the work properly and efficiently. Our Cedral team provides technical support and guidance to the installers and carries out technical validations of all Cedral Select professionals to ensure quality is upheld for our customers.

2. Commercial excellence

Understanding the customer journey will help us address **our three main objectives** in this area which are shown below.

- **Customer satisfaction**
  Improve the customer's experience of doing business with us throughout the different touchpoints by continuous measuring and follow-up.
- **Commercial effectiveness**
  How we can sell more, in a more profitable way.
- **Commercial efficiency**
  Optimise our commercial organisations through the right roles, skills and competences, with the appropriate coverage in the key focus areas.

Our three objectives are supported by two 'enablers', which are our tools for harmonising business models across all markets and improving our digital solutions. Our platforms and divisions will be responsible for identifying and implementing these enablers.

Our digital platforms

Since 2022, we have maintained a blended approach to digital. That means we have not gone 100% digital in the way we do things – we still serve our customers with both inside and external sales teams, while also offering them the opportunity to digitally interact with us. We also remain flexible in delivering on the needs of our customers in the best way for them with our Digital North Star in mind 'All customer interactions can be digital first'.

Our digital roadmap outlines our ambitions to strengthen our digital capabilities, including developing our growing eco-system of platforms. The backbone of this work is our One Customer Relationship Management (CRM) solution which we implemented in 2020 and is focused on following and managing the customer interaction from a lead all the way to after sales while aligning processes across our divisions and countries.

1 Customer satisfaction

MISSION
Improve customers' experience of doing business with us

MEASURE
Net Promotor Score (NPS) by brand/country

ENABLERS
Commercial performance initiatives + digital platforms

2 Commercial effectiveness

MISSION
Selling more in a profitable way

MEASURE
Growth versus market versus peers

ENABLERS
Commercial performance initiatives + digital platforms

3 Commercial efficiency

MISSION
Optimise commercial overheads (without compromising the first objectives)

MEASURE
Inside sales / total

ENABLERS
Commercial performance initiatives + digital platforms

In addition, our online customer portal, MyEtex, was rolled out across more businesses during 2022. This enables customers to have 24/7 access to their key information, including the status of their account and any live projects with Etex.

4,844
users of MyEtex, increase of
80%
vs 2021

Measuring our customer satisfaction

In line with our objectives of improving the customer experience of doing business with us, we continue on our journey to measure and track our performance. In our Building Performance division, we have an annual Net Promoter Score (NPS) survey, which reflects customer satisfaction, their overall experience with Etex and whether they would recommend us to others. The feedback received from the NPS survey is used to develop improvement action plans, which include clear targets and KPIs that are monitored at the individual business level. We started this in 2018, and 2022 was the first year that every business in the Building Performance division conducted the survey across countries.

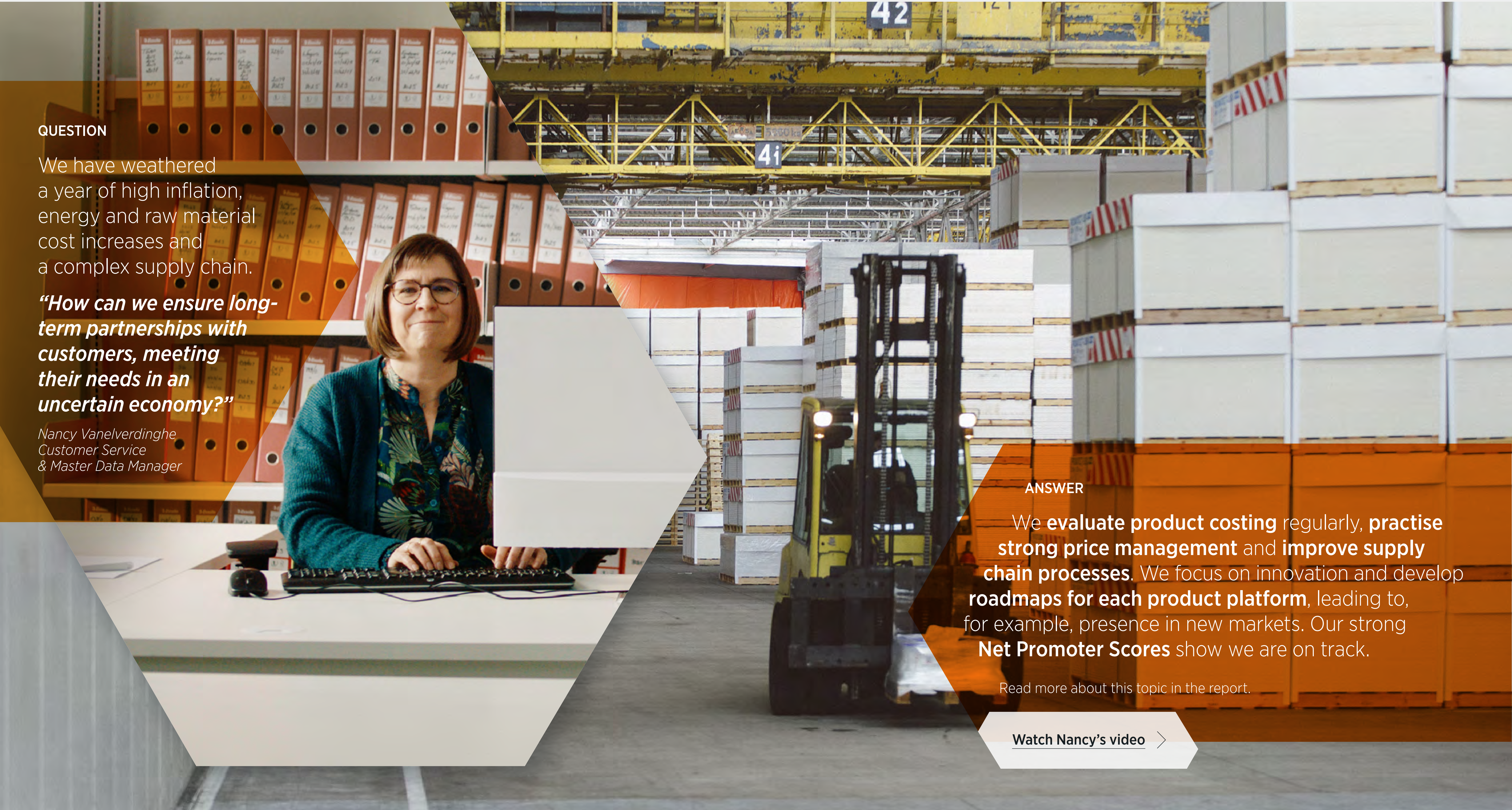
Additionally, in March 2022 we asked our customers (both trading and non-trading) through an online survey (across the top six brands on 120 websites) about their satisfaction with our websites. The result is a 'Customer Centric Index (CCI)' score for our main brands, which measures satisfaction based on a fixed set of criteria and identifies areas where we can invest to improve the online user experience. For example, the CCI for Cedral is 80%, while for Siniat it is 70%.

The feedback received from these surveys is used to develop improvement action plans, which include clear targets and KPIs that are monitored at the individual business level. The CCI index helps us to define our digital strategic roadmap for 2023-2025, as well as the KPIs to build our digital measurement framework. This ensures that every digital application and functionality we build adds value to the customer, and that we can measure, learn and adapt accordingly.

Outlook for 2023 and beyond

We are proud of the progress we have made on Customer experience and Commercial excellence since 2020 and we intend to accelerate that progress and sharpen our focus on this driver during 2023. For this, we plan to:

- Refine our Customer experience vision and engage key stakeholders across Etex;
- Roll out a champions programme to distil the culture of customer orientation;
- Implement a broader NPS across all divisions, brands and countries to understand and act on customer satisfaction;
- Increase our customer satisfaction feedback mechanisms through digital.



QUESTION

We have weathered a year of high inflation, energy and raw material cost increases and a complex supply chain.

"How can we ensure long-term partnerships with customers, meeting their needs in an uncertain economy?"

Nancy Vanelverdinghe
Customer Service
& Master Data Manager

ANSWER

We **evaluate product costing** regularly, **practise strong price management** and **improve supply chain processes**. We focus on innovation and develop **roadmaps for each product platform**, leading to, for example, presence in new markets. Our strong **Net Promoter Scores** show we are on track.

Read more about this topic in the report.

Watch Nancy's video

Sustainability & Innovation

This strategic driver focuses on designing our construction solutions to have sustainability at their core. We take responsibility for innovating whilst reducing our carbon footprint and integrating circularity principles wherever we can. This also includes ensuring we manage other sustainability factors responsibly, including energy, water and waste management and our impact on nature.

Lighweight construction solutions

~15-45%
less emission-intensive to produce

~7x better
insulated than traditional materials

Fire safety
Improved fire safety

Recyclable
More recyclable: for example, gypsum is indefinitely recyclable

Flexible
More flexible and adaptable, increasing the usable life of existing buildings

~2x faster
to build

Providing low-carbon solutions and benefits through lightweight construction

We are an agent of change in the sustainable building sector, committed to combatting climate change by joining forces and focusing on the core strengths of our products.
An integral part of this is our lightweight construction. It offers effective benefits for carbon reduction, circularity and longevity.

Decarbonisation

To reach global carbon targets, the entire construction and building sector must completely decarbonise by 2050. We believe we have the tools and capabilities to support this transition, with a dual focus on:

— Reducing our own and our supply chain emissions,
— Designing products that help customers to reduce their impact.

We have set two targets to spearhead our activities:

— Reduce our carbon intensity by 35% by 2030 (vs. 2018 baseline),
— Become carbon-neutral by 2050.

Defining and managing our roadmap

To achieve our targets, we developed an extensive decarbonisation roadmap in 2022, focusing on short-term energy efficiency projects and longer-term, transformative carbon excellence initiatives.

We have launched an energy and emissions tracking tool to measure performance against our plans at least monthly.

Our roadmap is supported by strong governance at all levels, including regional energy managers, a multifunctional core team and an executive level Sustainability Steering Committee.

We have already begun taking action to reduce energy use, including:

— Energy audits at 42 sites,
— Internal carbon pricing for all investment projects, creating new concepts for drying plasterboard, resulting in a new patent application,
— Expanding our own electric forklift fleet to cover 45% of our forklifts,
— Promoting greener travel.

We are choosing greener energy, with 74% of 2022 electricity from green sources. Our target is to secure 100% certified renewable power latest by 2030.

We are also generating renewable energy at ten of our sites[1], with our largest, a 7,700 MWh solar installation in Spain, put into operation in 2022.

We are continuing to investigate and to invest in further PV-projects at our own sites.

The absolute energy consumption and the carbon intensity increased in 2022 due to the new portfolio of energy intensive but also lightweight insulation products. The evaluation of our GHG emissions confirmed Scope 3 as major contributor (69.1%) of our total GHG emissions.

In line with the GHG protocol, we calculated Scope 1 and Scope 2 emissions, and the following upstream/downstream Scope 3 categories:

— C1. Purchased goods and services
— C2. Capital goods
— C3. Fuel and energy related activities
— C4. Upstream transportation and distribution
— C5. Waste generated in operations
— C6. Business travel
— C7. Employee commuting (including homeworking)
— C8. Upstream leased assets
— C9. Downstream transportation & distribution
— C11. Use of sold products
— C12. End of life treatment of sold products

[1] PV installations in Belgium (x2), France (x1), Germany (x2), Italy (x2) and Spain (x3).

Our 2022 energy figures (Read more here)

	Total energy consumption (GWh)	Energy consumption		% Green electricity	Energy	Energy intensity
		Total fuel consumption (GWh)[2]	Total electricity consumption, in joules, watt-hours or multiples (GWh)	produced and purchased / total electricity consumption	Green electricity locally generated (GWh)	KWh / tonnes of sellable finished goods produced
2022	**5,431**	4,546	757	74	6	699.41
2021	**5,291**	4,492	650.8	82	3.5	652.14
2020	**4,456**	3,846	589.97	72	2.1	636.21

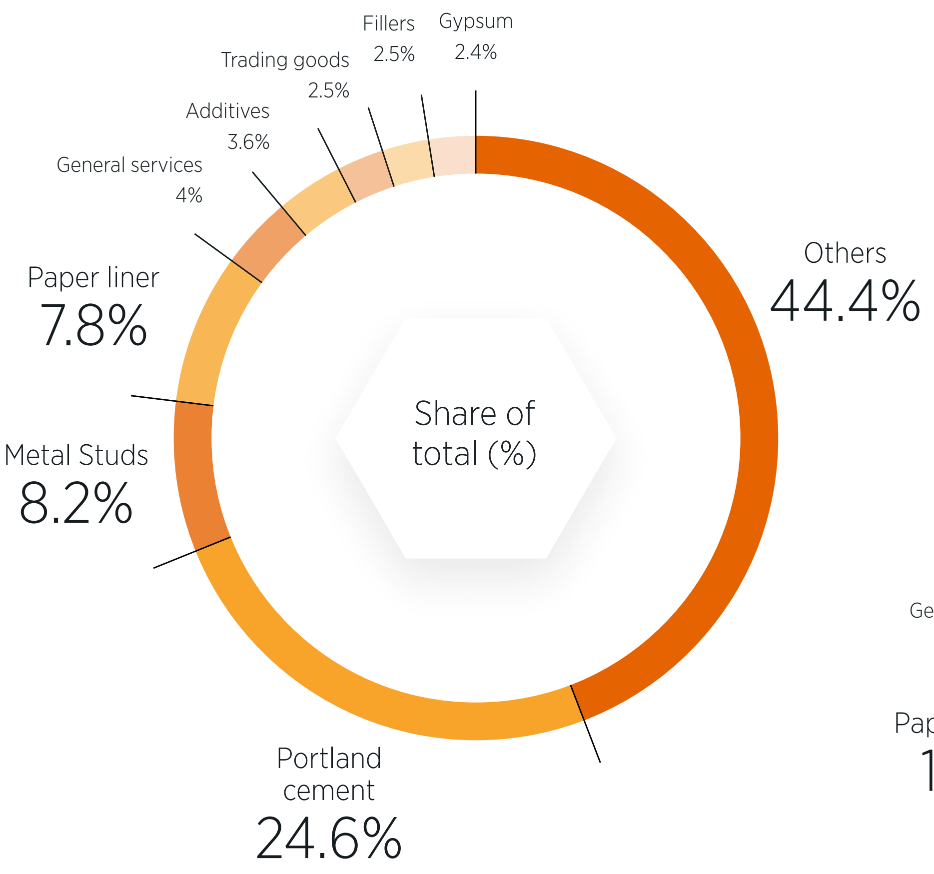
Our 2022 greenhouse gas (GHG) emissions

Our GHG emissions [3]	% 2022 emissions	2022	2021	2020
Scope 1 GHG emissions (Mt CO_2e) [4] Emissions from sources we own or control e.g. gas, fuel	24.7%	832,491	836,049	722,875
Scope 2 GHG emissions (Mt CO_2e) [5] Emissions from electricity and purchased heat or steam	4.9% market based	164,154	71,765	71,197
Scope 3 GHG emissions (Mt CO_2e) Indirect emissions from our value chain	70.4%	2,368,090	Not calculated	Not calculated
Scope 1 & 2 GHG emissions intensity t CO_2e/t of sellable finished goods produced	NA	0.124	0.111	0.113

Figures include all Etex technologies and URSA for seven months from June to December 2022.

[2] The scope includes natural gas, diesel and fuel oil.
[3] Produced in line with the Greenhouse Gas Protocol. GHG emissions data were calculated by our external partner Emitwise.
[4] These Scope 1 emissions include: carbon dioxide (CO_2), methane (CH4) and nitrous oxide (N2O). Etex does not emit HFCs, PFCs, SF6, NF3 or biogenic emissions.
[5] For the market-based emissions: we buy guarantees of origins for the majority of European countries and South American countries where we operate, bringing our Scope 2 emissions to zero for these sites. The base year is 2018.

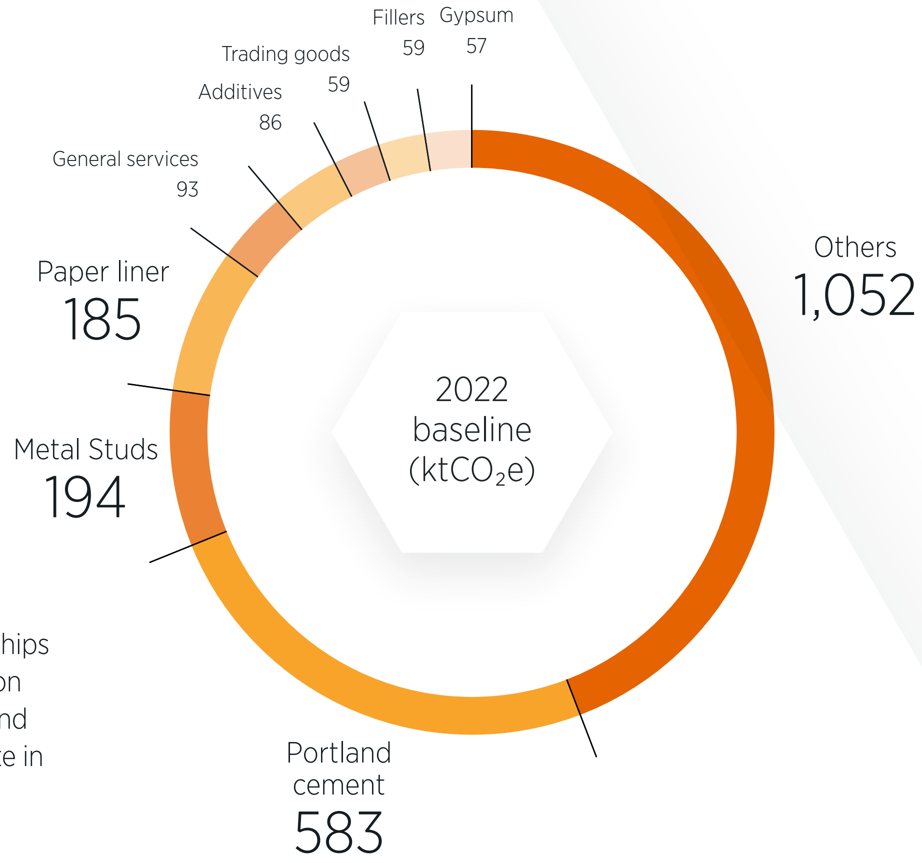
Scope 3 purchased goods and services emissions



What is next for decarbonisation?

In 2023, we plan to pilot more research and development (R&D) projects and launch them at more facilities across Etex. Our energy management team will also roll out energy awareness training to all manufacturing sites.

We will also work on our Scope 3 footprint through strong partnerships with our suppliers. We will focus on using more recovered materials and on recycling and reusing our waste in our processes.



Water

Water is one of the world's most precious natural resources, and buildings are responsible for around 20% of water consumption globally.

With global warming and water shortages increasing around the world, the role of water efficiency in the building sector will be vital in our shift to greener buildings for many years to come.

Water management at Etex

At Etex, water is used as an input and process material in our fibre cement, plasterboard and glasswool manufacturing processes.

This includes water being used in mixtures in the manufacturing of products, for cleaning and cooling purposes, for water jets in product cutting processes, and by employees for sanitary purposes.

We are continuously exploring opportunities to consume significantly less water and monitor the water stress level in the areas we operate in. 37 of our sites are located in areas with low or low-to-medium water stress, while 56 are located in areas with medium-high to extremely high water stress.

In 2022, we continued to work on our ambition of decreasing the use of potable water. At the same time, we are also supporting healthy water bodies by reducing water discharge, and also managing water discharge safely through in-house waste water treatment facilities.

Our 2022 water figures

Water withdrawal intensity was reduced in 2022 by 4.9% versus 2021.

We aim to standardise our on-site water data collecting processes via appropriate metering devices and a harmonised way of working at group level. We can already share these high level figures on our water withdrawal with confidence and will work on sharing additional water-related data in the future.

Total water withdrawal from all areas

(megalitres)

Water withdrawal intensity

(m^3/tonnes sellable products)

Circularity

Only 7% of all material inputs circle back into the global economy at the end of their life. Worldwide, buildings are responsible for 50% of all extracted materials and 35% of all waste generated.[1]

Essential topic for Etex

Driven by our desire to do the best for our customers, we also recognise our customers seek efficient construction and sustainable products. Developing circular solutions for our customers, minimising waste on jobsites and allowing for dismantling at the end of their life, together with circularity in our operations will provide more services to our customers and security for future raw material supplies, improve cost competitiveness, and ultimately reduce our environmental footprint.

In 2022, we defined five areas of priority for circularity and waste, with objectives and goals set for 2030 (read more here). We determined these priority areas by measuring our impact and assessing customer needs and expectations.

All EQUITONE fibre cement façade materials are bronze Cradle-to-Cradle certified.

In 2022, we progressed on all objectives – some specific examples:

— Since 2018 we used 54% more recycled gypsum - making Etex the most advanced gypsum recycler across Europe, including the UK,
— Installing recycling equipment in Colombia, Indonesia and Nigeria to minimise waste sent to landfill,
— Beyond our products, we also seek to promote circularity in our energy sources. Located in France, 85% of steam in our Rantigny site is generated by local biomass,
— A dedicated waste and circularity stream manager was appointed in our R&D team in Belgium,
— EQUITONE obtained bronze Cradle-to-Cradle certification.

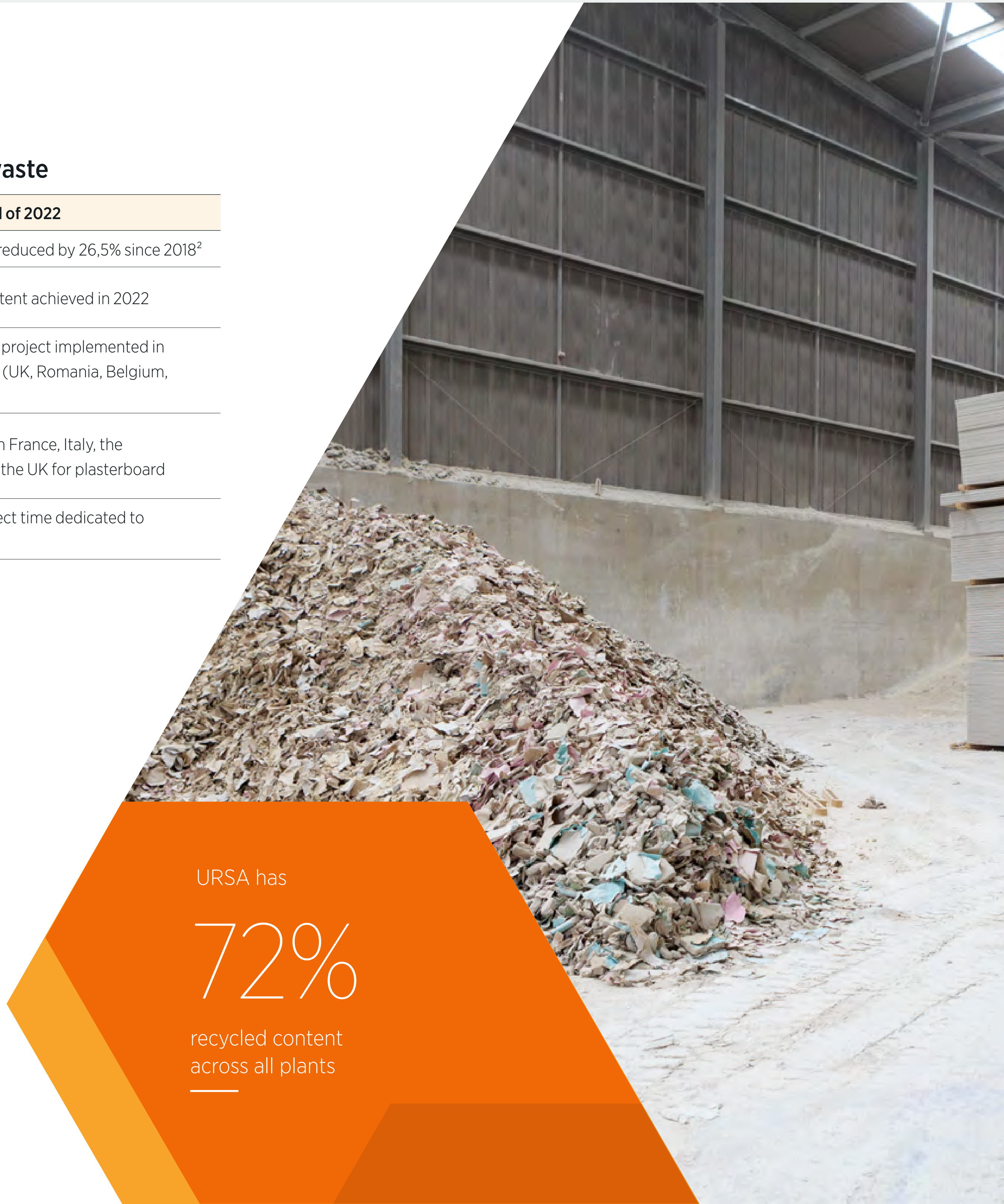
Five areas of priority for circularity and waste

Objectives by 2030	Status at the end of 2022
Zero waste to landfill	Waste to landfill reduced by 26,5% since 2018[2]
Use more than 20% of circular input as raw material	9.6% circular content achieved in 2022
Use 100% recycled packaging material and reduce plastic packaging by 20%	Plastic reduction project implemented in several countries (UK, Romania, Belgium, France)
Have a solution in place for a take-back service of our product portfolio in 80% of our European countries	System in place in France, Italy, the Netherlands and the UK for plasterboard
Dedicate 50% of our innovation resources to sustainability	42% of R&D project time dedicated to sustainability

Circularity at URSA

Our insulation business at URSA uses 75% recycled and reprocessed glass in glass wool products, a 7% increase compared to 2019. The company also made investments in 2022 to reuse and recycle internal glass mineral wool, saving over 7,000 tons from going to landfill. In the same vein, we have undertaken a take-back pilot project in Germany in partnership with a waste collection business. We have also manufactured an XPS product with 50% recycled content called URSA XPS ECO; the packaging of the product is similarly produced with recycled content.

1 World Green Building Council, EU Policy Whole Life Carbon Roadmap Report (2022).
2 Correction of the 2018 waste volumes baseline due to the de-investment of our paper factory in France



Biodiversity

We recognise the positive contribution that biodiversity makes to carbon absorption and mitigating climate change.

Etex depends on ecosystem services such as ground and surface water for manufacturing processes, mineral substances (e.g. gypsum, sand), cellulose and wood. In 2022, we released our first biodiversity policy which outlines our strategy to mitigate our impacts and preserve and enhance biodiversity.

In 2022, we progressed on our ambitions, including:

— At our site in Manizales, Colombia; we implemented tree planting campaigns and delivered wildlife training to our teammates,
— In France, we support beekeepers at our Mazan and Le Pin sites and built insect hotels in our European quarries and a passage for bats at our Mazan quarry,
— We support a local indigenous group near our Bundaberg site, in Australia, to monitor and sustain local waterways and native animal habitats.

In 2023, we aim to enforce the *Birdlife Extractive Sector Species Protection Code of Conduct* at our quarries which focuses on temporary habitats creation and preservation during our extracting activities. We will assess quarry by quarry which bioindicator (from *Eurgogypsum's Performance indicators framework for biodiversity management in gypsum quarries throughout europe*) are relevant to monitor and harmonize globally our biodiversity management programme. But we will not limit our actions to our quarries as our manufacturing sites will start in 2023 to assess their biodiversity risks and opportunities.

Besides, we will of course continue to undertake environmental impact studies necessary for our exploitation authorisations (grants or renewals) which include, for most, documented species inventories.

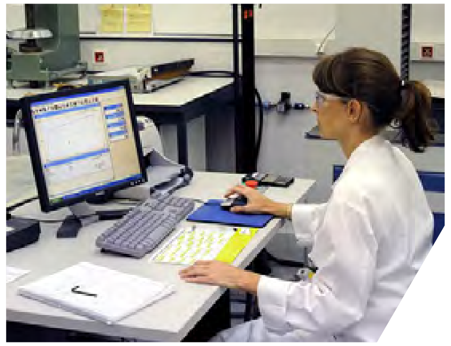
We are part of Eurogypsum and have representatives in all environment and biodiversity working groups. In the Quarry Working Group mandate, we promote sustainable quarrying and mining, cooperate with NGOs and monitor biodiversity-related legislative developments in the EU. On a local level, our businesses are members of similar associations.

Innovation

We have three pillars of innovation at Etex: Sustainability, New Applications and Quality & Cost Excellence.

Our 2022 innovation figures

— 42% of research and development (R&D) time spent on CO_2, circularity and health topics,
— 75% of our projects have a positive sustainability impact (direct or indirect),
— EUR 4.5 million invested in the erection of a R&D plasterboard line to allow piloting of the new and most sustainable technologies.



Due to our ambition of becoming an industrial leader in sustainability, innovation is becoming a vital component for Etex and we know that this requires strong industry collaboration and partnership.

A dedicated team has been established to extend our sustainability assessment competence, and we created an open innovation platform to help Etex connect with outside innovators and partners, with a particular focus on sustainable innovations. We have 140 teammates working across our five main R&D centres.

We are steering towards more research and testing on secondary raw materials to replace primary raw materials to reduce our environmental impact.

R&D is an essential lever for business growth, and it is crucial that we deliver safely and to the best of our ability. To make this happen, we intend to increase our decarbonisation and circularity R&D investment to EUR 10 million a year in the coming years.

QUESTION

Experiencing volatile demand and moving from overcapacity to putting production on hold, we made efforts to unlock the full sustainability potential of our solutions.

"How will Etex continue to fulfil its ambitions on sustainability?"

Pedro Gardin
Foreman
Raw Materials

ANSWER

We invest heavily in our future by **investing in our plants**, and have strategies for **decarbonisation, waste management and well-being targets**. Our Road to Sustainability 2030 has already led us to **record levels of recycled material** used in plasterboard and insulation materials.

Read more about this topic in the report.

Watch Pedro's video

Activity report

4

Mel de Vogue
Chief Financial Officer

Message from the CFO

Etex recorded again a strong financial performance in 2022, with a revenue increase of 25.0% at EUR 3,714 million compared to 2021, and a REBITDA increase of 13.2%; the REBITDA amounts to EUR 645 million, another record value. When comparing our performance with 2021 like-for like, the increase stands at 13.3% for revenue and 2.8% for REBITDA. In 2022, the REBITDA margin reached 17.4% and the net recurring profit increased by 2.9% to EUR 275 million. The free cash flow before dividends, acquisitions and disposals of businesses reached EUR 142 million. The net debt at the end of the year amounted to EUR 1,031 million, impacted by the acquisition of URSA.

A general overview of our worldwide results

2022 was again a year of growth for Etex, with revenue up by 13.3% like-for-like compared to 2021, as a result both of volumes stability and increased average selling prices. On top of this, an 11.5% net positive scope impact compared with 2021 is mainly attributable to the acquisition of URSA in June 2022 but also the full year contribution of the businesses acquired in 2021 (plasterboard business in Australia, French offsite construction company E-Loft, Irish steel framing company Horizon Offsite, design and engineering consultancy company Evolution Innovation, and UK light gauge steel framing Sigmat) partially offset by the consequences of the war in Ukraine on the Ukrainian and Russian activities. The remaining positive impact on revenue (+0.2%) is due to foreign currency translation and hyperinflation accounting in Argentina.

Our REBITDA amounted to EUR 645 million, another record in Etex history. This represents a like-for-like increase of 2.8% compared to 2021 a performance mainly attributable to proactive price-to-cost management and contained overhead charges in proportion to sales despite general cost inflation. Compared to 2021, the REBITDA was pushed by scope changes (+9.9%) and slightly positively impacted by foreign currency translation and hyperinflation (+0.5%). The REBITDA expressed in percentage of sales amounted to 17.4%, compared to 19.2% in 2021, an evolution resulting from selling price increases to counterbalance, in absolute values, the impact of inflation on cost of goods sold but insufficient to keep gross margin percentages as high as in 2021. This was partially offset by an overhead ratio which improved in 2022 at 17.4% of sales, compared to 18.6% in 2021.

REBITDA in 2022

645

million euro

Like-for-like increase of 2.8% vs 2021

Etex's net recurring profit (Group share) was up by 2.9% to EUR 275 million in 2022, another record performance. Non-recurring items include mainly gains on disposal of assets, environmental remediation charges to renovate asbestos-containing sites, impairment of assets (in Ukraine, in Russia and - on top of provisions - for specific underperforming New Ways business in Europe) and one-off charges relating to the acquisition and integration of URSA. The company's net profit reached EUR 218 million in 2022, up 10.1% year-on-year.

Free cash flow generation amounted EUR 142 million before dividends, acquisitions and disposals of businesses in 2022 (compared to EUR 182 million in 2021): cash generation built on the positive REBITDA evolution (EUR +75 million), with a limited negative impact from working capital variation evolving in line with the revenue increase and capital expenditure increased by about EUR 100 million (including leased assets) due to growth projects, such as the plasterboard plant in Bristol (UK), and the fibre cement capacity increase in Nigeria, as well as an energy savings investment in France, mainly. Also, higher interest charges, mainly relating to URSA acquisitions, impacted the cash generation in 2022 (EUR -11 million), as well as limited additional tax payments (EUR -4 million).

At the end of December 2022, **Etex's net financial debt reached EUR 1,031 million**, an increase of EUR 817 million compared to its level at the end of 2021 (EUR 214 million). The main driver of this increase in net debt is linked to the acquisition of URSA, which represented an impact of EUR 918 million (enterprise value). A substantial part of this acquisition was financed by an ESG-linked Schuldschein debt (EUR 800 million raised). This operation was properly and favourably hedged by means of interest rate swap agreements entered into during the first quarter of 2022. As in prior years, the net debt 2022 includes the favourable effect of the non-recourse factoring programme, which amounted to EUR 259 million at the end of the year (vs EUR 167 million at the end of 2021). Excluding this programme, the net financial debt would have reached EUR 1,290 million (vs EUR 381 million at the end of 2021). The company's net financial debt/REBITDA ratio increased from x0.1 in 2021 to x1.5 in 2022, or from x0.7 to x1.9 year-on-year excluding the favourable impact of the non-recourse factoring programme (2022 ratios based on REBITDA pro-forma, incl. 12-month URSA values).

Changes in the scope of consolidation

In June 2022, the acquisition of URSA was completed. The company is a European leader in glass mineral wool and extruded polystyrene (XPS), present in more than 20 countries based on a network of 13 production operations, with both businesses integrated as a separate division. Demand for insulation materials is being driven by EU regulations to tackle global warming.

Revenue by division

Building Performance registered a like-for-like revenue increase of 15.5% to reach EUR 2,434 million, a strong performance achieved by managing the necessary price increase to offset raw material and energy inflation, with limited negative impact on volumes. Plasterboard business in Australia, acquired in 2021, delivered solid growth, so did the Spanish business Pladur. More challenging markets were France and the Netherlands, and Chile that returned to normal market conditions after the strong economic stimuli provided by authorities in 2021.

Exteriors registered a like-for-like revenue increase of 6.1% at EUR 683 million, also driving price management efficiently and faced contrasted performance in volumes with growth during the first semester and slowdown in the second semester. The division registered double-digit growth in North America and Australia vs. decline on the Chilean market compared to 2021, volume increase for architectural façade products (EQUITONE), for sidings (Cedral) on the main European markets and declining corrugated sheets.

Industry's revenue amounted to EUR 203 million, up by 14.8% like-for-like, with all segments growing (transportation, thermal process industry, energy and fire-rated applications and appliances) thanks to a combination of both price and volume increases all year long.

Consolidated key figures

EUR MILLION	2018	2018 RESTATED[2]	2019	2020	2021	2022	VAR. 2022 VS 2021
Revenue	2,897	2,897	2,940	2,616	2,972	**3,714**	*25.0%*
Recurring operating income (REBIT)	245	245	292	311	398	**431**	*8.3%*
Recurring operating cash flow (REBITDA)	405	433	483	484	570	**645**	*13.2%*
% of revenue	*14.0%*	*14.9%*	*16.4%*	*18.5%*	*19.2%*	**17.4%**	-
Non-recurring items	-25	-25	-24	-39	-83	**-70**	-
Operating cash flow (EBITDA)	391	418	557	468	522	**592**	*13.4%*
Operating income (EBIT)	221	221	268	272	315	**361**	*14.6%*
% of revenue	*7.6%*	*7.6%*	*9.1%*	*10.4%*	*10.6%*	**9.7%**	-
Net profit (Group share)	140	140	176	194	194	**210**	*8.2%*
Net recurring profit (Group share)	166	166	187	215	268	**275**	*2.9%*
Capital expenditure	192	192	169	112	199	**302**	*51.8%*
Net financial debt	584	694	331	15	214	**1,031**	*381.8%*
Working capital [1]	271	271	224	137	193	**268**	*38.9%*
Capital employed [1]	2,352	2,462	2,196	1,868	2,266	**3,289**	45.1%
Return on capital employed (ROCE) [1]	9.7%	9.5%	11.5%	13.4%	15.2%	**13.0%**	-
EUR PER SHARE							
Net recurring profit (Group share)	2.12	2.12	2.39	2.75	3.42	**3.52**	*2.9%*
Net profit (Group share)	1.80	1.80	2.25	2.48	2.48	**2.69**	*8.5%*
Gross dividend	0.58	0.58	0.58[3]	0.70	0.84	**0.93**[4]	*10.7%*
Dividend growth rate	9.4%	9.4%	0.0%	20.7%	20.0%	**10.7%**	-
Recurring distribution rate	27.4%	27.4%	24.3%	25.5%	24.6%	**26.4%**	-
PERSONNEL							
Personnel	14,458	14,458	13,260	11,387	12,214	**13,712**	-

NB: Definitions of the alternative performance measures are included in the glossary.

1 These values are expressed excluding the favourable impact of the non recourse factoring programme (Note 16 discloses details on non recourse factoring).
2 These values are restated for IFRS 16 (lease) impacts consistently with 2019 with resepct to lease debt, leased assets and depreciation of lease assets.
3 Dividend 2019 (payout 2020) is made up of 0.29 as decided during the General Shareholders meeting of 27 May 2020 and 0.29 as decided by the Extraordinary Shareholders meeting held in 22 October 2020.
4 Subject to the approval of the General Shareholders meeting of 24 May 2023.

Insulation, Etex's newest division following the acquisition of URSA, with a revenue of EUR 312 million for a seven-months period, has proven its resilience, facing market disruptions and the war in Ukraine successfully. In 2022, the energy savings commercial argument of insulation made glass wool and extruded polystyrene (XPS) even more attractive than previously.

New Ways revenues amounted to EUR 83 million, including the sales recorded by businesses acquired in the course of 2021 in France, Ireland, and the UK, with full year contributions in 2022. The revenue of the light steel framing company EOS in the UK, within Etex since 2016, went up by 10.3% like-for-like, with the market welcoming to offsite construction and backed by a government push.

Consolidated Statement of Financial Position Balance Sheet

The value of Etex's **property, plants, and equipment** increased at EUR 1,929 million vs EUR 1,588 million in 2021, reflecting the impact of recently acquired URSA. **Capital expenditure** (tangible and intangible assets, including leasing) reached EUR 302 million, exceeding recurring depreciation of EUR 214 million due to significant growth project on-going in Bristol, UK (plasterboard) and Nigeria fibre cement. **Goodwill and intangible assets** went up from EUR 198 million to EUR 663 million and up from EUR 271 million to EUR 411 million respectively, both increases mainly from URSA business combinations during the year.

The **working capital** increased from EUR 193 million in 2021 to EUR 268 million in 2022. Focus on working capital evolution remained in 2022 as in prior years: the value of inventory and customers less supplier balances, expressed in percentage of sales, slightly below prior year at 10.2% vs 10.4% in 2021 (2022 ratios based on sales pro-forma, incl. 12-month URSA values). The total working capital level in percentage of sales went up from 6.5% in 2021 to 6.8% in 2022, slightly higher due to the short-term portion of interest rates swaps assets.

Our **actual return on capital employed** decreased from 15.2% in 2021 to 13.0% in 2022. Excluding the impact of non-recurring items, the recurring **return on capital employed** reached 15.5% in 2022 vs 19.2% in 2021.

Subsequent events

In March 2023, Etex finalised the divestment of its stakes in its main joint ventures in Latin America, part of the New Ways offsite division: E2E in Chile and Tecverde in Brazil. Next to the divestment of Icon Plus in both Argentina and Ecuador (the latter being fully consolidated), this decision to exit was made as the region appeared not to show as much offsite construction potential as Europe and was not helped by the current economical context.

Also in March 2023, an agreement was signed to acquire the Danish high temperature insulation expert Skamol; this agreement is subject to customary closing conditions.

Outlook for 2023

Demand for Etex products and solutions should remain solid in 2023 based on needs in renovation and new build but volatility and uncertainty are expected to remain, particularly for energy and raw material prices. Etex will stay extremely attentive, agile and responsive on a month-per-month, country-by-country and product-by-product basis to navigate this uncertainty, with potential opportunities to grow across technologies and keep REBIDTA margin strong in 2023.

2022 results in a nutshell

Total sales: EUR 3,714 million, the revenue increased with around EUR 742 million, or +25.0% compared to 2021 year-on-year, including the impact of the newly acquired businesses, being URSA in 2022 (EUR +312 million) and, only partially contributing in 2021, the Australian plasterboard businesses (EUR +53 million) and New Ways in the UK, Ireland and France (EUR +32 million), and of the war-related drop in Russia and Ukraine (EUR -26 million).

Gross profit: EUR 1,079 million, an increase by EUR 128 million, or 29.0% of sales, vs 32.0% in 2021, this despite proactive price-to-cost management due to selling price increase able to offset, in absolute values, the impact of inflation on cost of goods sold but insufficient, to keep margins as high as in 2021.

Total overheads on sales ratio: down at 17.4% (vs 18.6% in 2021), an improvement resulting from top line growth and contained overhead increase.

Operating income before non-recurring items (REBIT): EUR 431 million, up by EUR 33 million like-for-like, representing 11.6% of sales. In 2021, the REBIT amounted to EUR 398 million, or 13.4% of sales.

Net non-recurring charges: EUR 70 million, including one-off costs relating to New Ways companies not performing as expected, to impairment of assets in Ukraine and in Russia, to acquisition and integration of URSA and asbestos-containing material removal projects partially offset by gains on disposal of assets. The operating income (EBIT) reached EUR 361 million vs EUR 315 million in 2021.

Net financial charges: the increase from EUR 16 million in 2021 to EUR 37 million in 2022, resulting from higher leverage following major URSA acquisition during the year, mainly, as well as the impact of hyperinflation in Argentina.

Net profit (Group share): increase from EUR 194 million to EUR 210 million.

Net recurring profit (Group share): increase from EUR 268 million to EUR 275 million.

Net financial debt: the increase from EUR 214 million at the end of 2021 to EUR 1,031 million at the end of December 2022 is mainly due to the acquisition of URSA and which have offset the free cash flow generation. It also includes the favourable effect of the non-recourse factoring programme, which amounted to EUR 259 million at the end of 2022 (vs EUR 167 million at the end of 2021). Excluding this programme, the net financial debt would have reached EUR 1,290 million compared to EUR 381 million at the end of 2021.

Revenue in 2022

3,714

million euro

Like-for-like increase of 13.3% vs 2021

Building Performance

Leader in plasterboards and fibre cement boards, and the global reference in fire protection solutions for the residential and commercial segments.

DURLOCK | Gyplac | Kalsi | Promat | siniat | Superboard

Management insights

2022 saw unprecedented events with the geopolitical situation, energy prices, inflation and market uncertainty challenging our entire business, yet we delivered another year of record results in Building Performance. Jochen Friedrichs, Head of Division since April 2023, reflects on this and the path forward.

How would you sum up Building Performance in 2022?

It was a year of uncertainty with the war in Ukraine, energy prices and inflation. This saw us having to adapt our price position with customers several times during the year. The high inflation environment meant customers often bought ahead of price increases, which made it exceedingly difficult to understand true underlying market demand.

The war also meant we sadly lost the contribution of our Ukrainian business, but worse it caused devastation for our teammates in Ukraine. We remain proud of our Etex teammates and how they supported those suffering.

What were the standout achievements for the division?

We took some time to sharpen our strategy and establish key drivers that are going to take our business forward in the years to come. We have a clear roadmap on sustainability, innovation and customer centricity, but more than that we have invested in resources and talent to ensure we have the people and organisation to make it happen.

We have also learned more about the customer journey and where we can add value for them. We have made progress increasing the amount of recycled gypsum we use, and today we are putting effort into taking it further to other countries, transferring knowledge to our plants and commercial teams, ensuring other markets get acquainted with the sustainable solutions we have to offer.

What priorities are on the horizon for 2023?

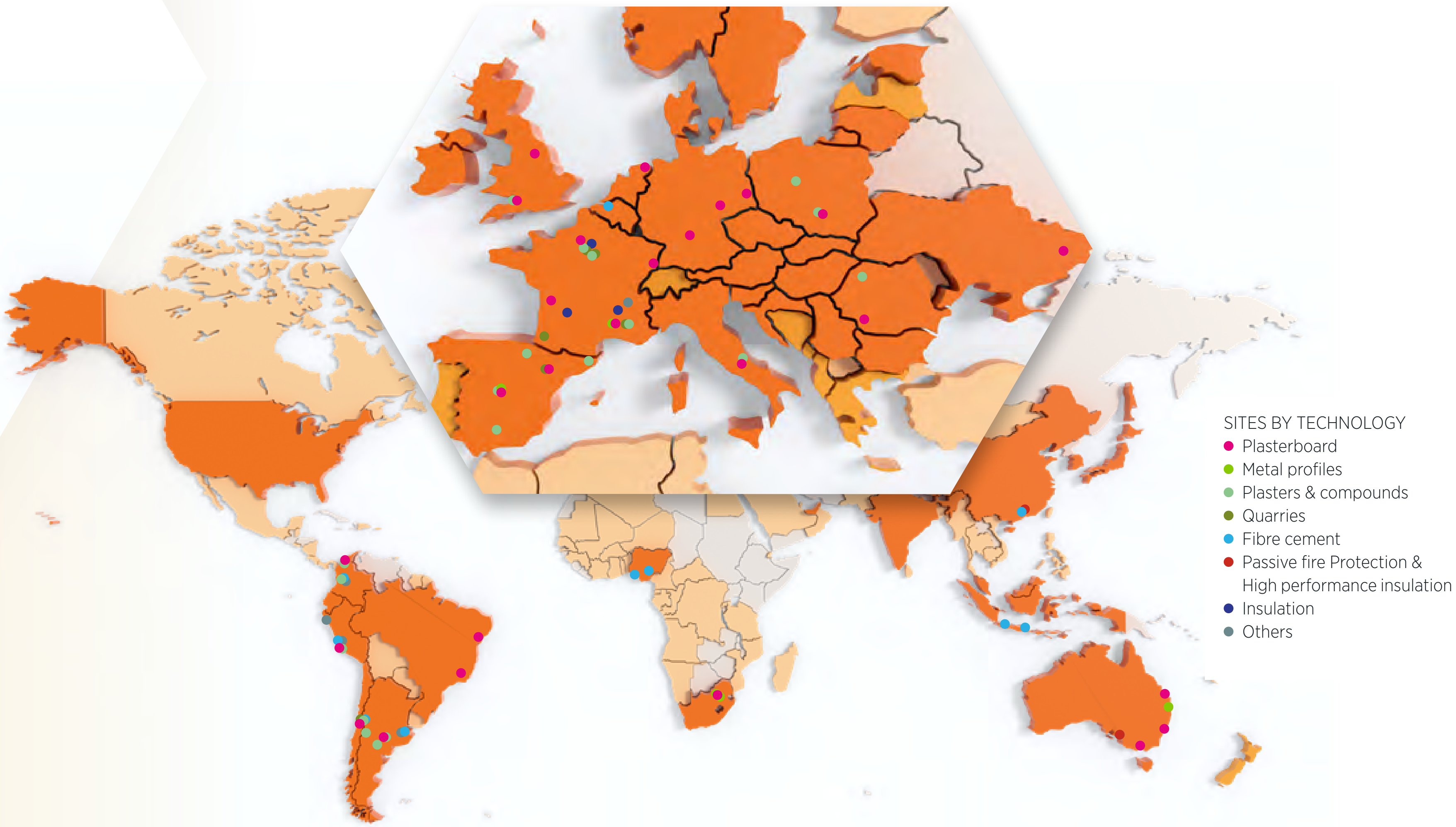
There are three main priorities for 2023: sustainability, innovation and growth. Our products and solutions are some of the most sustainable methods of construction, yet in many countries plasterboard is still a long way from being at full penetration. We are certain the sustainability tailwinds will allow us to drive the growth of our products and solutions into the markets we operate in today, whilst also looking for new geographical opportunities.

"We will continue strengthening our position with focus on sustainability, innovation and growth."

Jochen Friedrichs
Head of Division
Building Performance

How did we perform in 2022?

Our market positions and business results evolved positively in 2022. We demonstrated leadership when facing raw material price increases, and following a strong first semester then a downturn in the third quarter, 2022 ended better than forecast. We proved our agility and resilience, and continued to serve our customers well.



Revenue of Building Performance
(in EUR million)

+15.5%
like-for-like

2022		2,434
2021		2,099

Revenue

Europe

The European business was heavily impacted by the invasion of **Ukraine** by Russia and by the economic fallout that followed. Etex's Ukrainian facilities and teammates in Bakhmut were subject to direct shelling.

Our **fire protection** business in Europe remained at the same level as in 2021, while **plasterboard** volumes dropped slightly. For plasterboard, markets such as **France** and the **Netherlands** proved challenging, but we managed to generate steady growth in **Spain**, while the **UK** and **Italy** remained stable.

Latin America

We recorded flat volumes for **plasterboard** in Latin America, but with significant differences between countries. After a challenging 2021, **Argentina** posted double-digit growth in 2022. **Brazil**, the biggest plasterboard country for us in the region, was flat, while **Chile**, **Colombia** and **Peru** experienced somewhat of a downturn.

Our **fibre cement** activities grew in **Colombia** and **Peru**, but saw double-digit losses for the region as a whole. This was strongly impacted by the business evolution in **Chile**, which had a very impressive 2021 supported by government economic stimuli at the time. Chile's 2022 figures therefore reflect something of a return to normal.

Asia-Pacific and Africa

In the Asia-Pacific region, the new acquisition in **Australia** generated very good results. From March to November, we experienced solid growth, including double-digit growth in **plasterboard**. Regarding **fibre cement** in Asia, **Indonesia** is a key market. The downward trend in the tougher home market could not be fully countered by additional export business towards Australia and other locations in the region. Asia-Pacific is also an important market for our **passive fire protection business** – we successfully produced double-digit growth in both Australia and **China**.

For Africa in 2022, our **fibre cement** activities in **Nigeria** and **plasterboard** business in **South Africa** were in line with 2021. We continued to hold a very

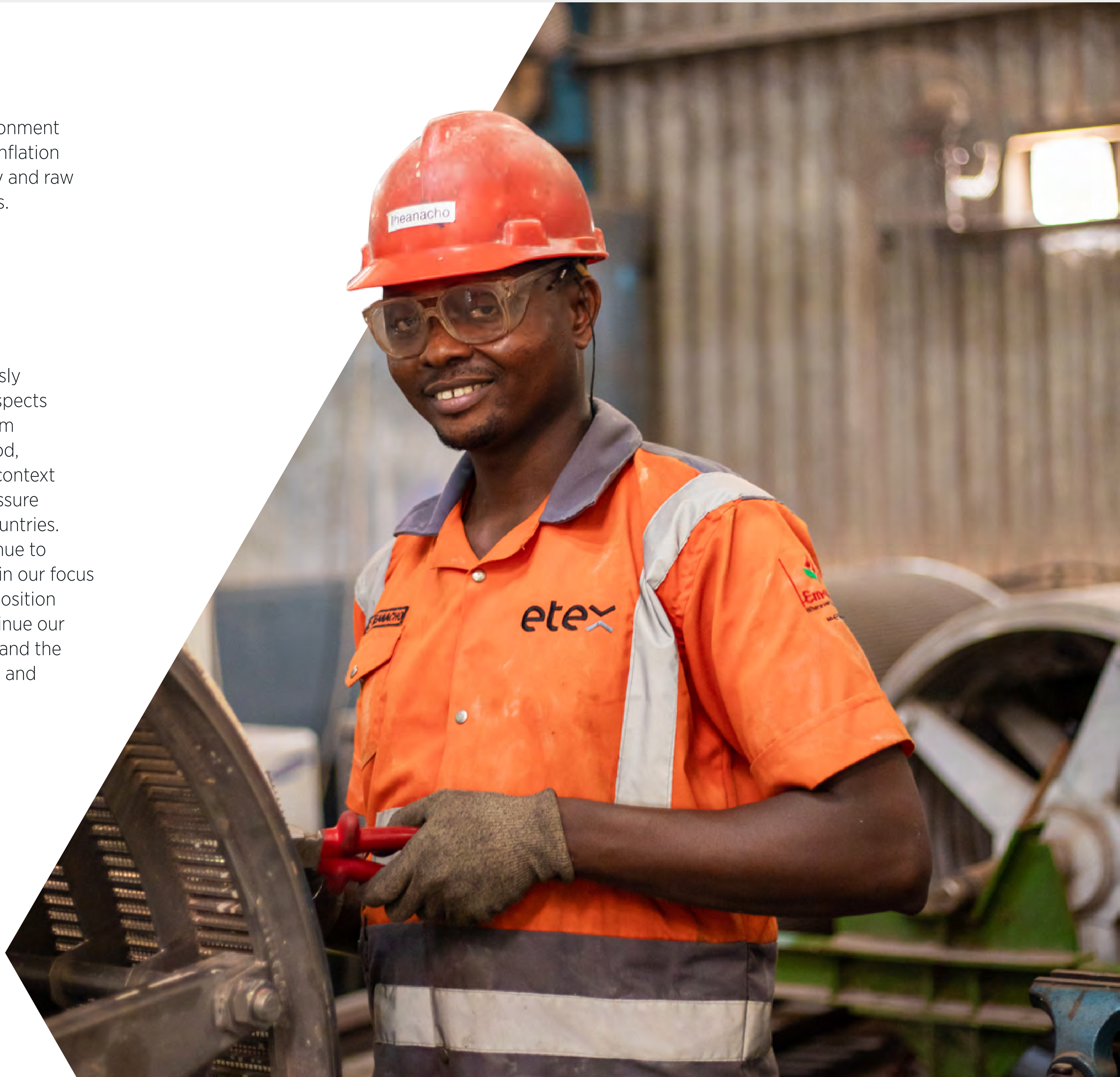
strong position in Nigeria, which looks set to remain, bolstered by investments in the new factory.

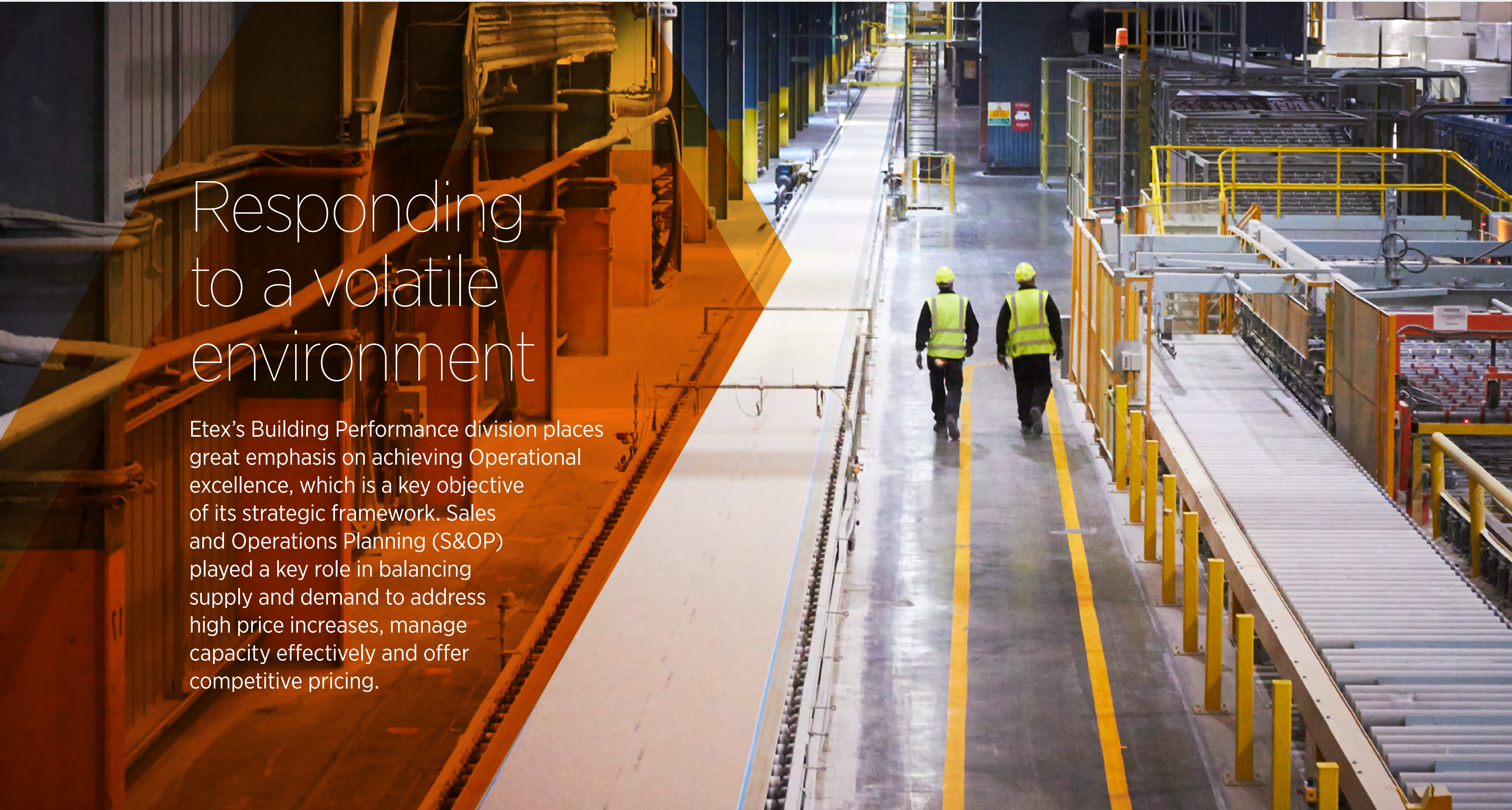
Profitability

The results show a further increase in profitability. 2021 was already good, while in 2022 like-for-like profitability grew more in all regions around the world. Generally speaking, we managed to implement the necessary price increases, through regular revisions of pricing policies, to secure our profitability in an environment characterised by high inflation and exceptional energy and raw material price increases.

Outlook for 2023

Overall, we are cautiously positive about our prospects for 2023. Feedback from customers remains good, despite the economic context potentially putting pressure on demand in some countries. Inflation will also continue to impact. We will maintain our focus on strengthening our position in the market and continue our investments in Nigeria and the UK to provide renewed and increased capacity.





Responding to a volatile environment

Etex's Building Performance division places great emphasis on achieving Operational excellence, which is a key objective of its strategic framework. Sales and Operations Planning (S&OP) played a key role in balancing supply and demand to address high price increases, manage capacity effectively and offer competitive pricing.

Adapting and reacting to energy price increases

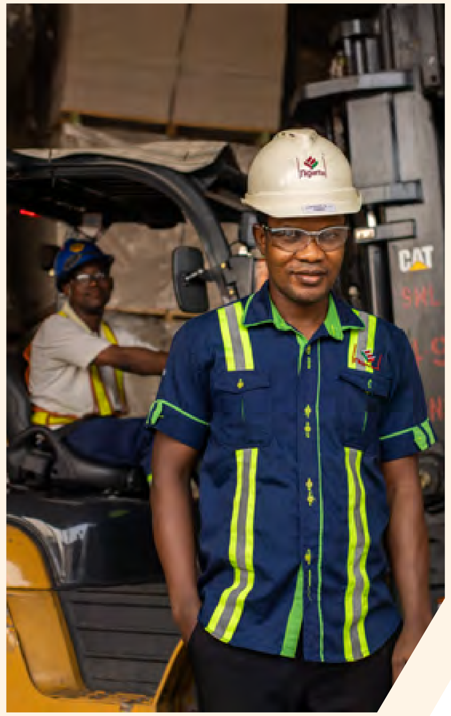
The energy crisis has caused prices to rise well above the norm, up to 1,000% in 2022. “From a purchasing stance, it was important to quickly identify opportunities to mitigate the impact on the business, notably Building Performance, the largest division”, says **Alain Bourgeois, Purchasing Category Manager Energy**.

The energy price varies in different plants for multiple reasons. But there is a tipping point after which no profit can be made.

As he explains: “A wider communication around energy costs has helped in deciding where and when to produce. In 2023, there is a strong focus on monitoring energy prices and fluctuations across plants. Previously, energy prices were not shared or given much attention.”

Etex has contracts with and without volume tolerance, which affects their exposure to market prices for changes in volume. This can result in a significant difference in the marginal price of supply between plants.

“The purchasing department now shares the marginal price of supply and demonstrates the volume change impact on the average and overall supply cost. The supply chain team and business can then make data-driven decisions through S&OP”, adds **Alain**.



A clear plan to weather the storm

The S&OP process helped Building Performance balance supply and demand. “By analysing operational capabilities and constraints, we identified opportunities and risks and allocated production efficiently. We focused on reducing exposure to risk with better volume hedging and monitoring variance between actual consumption and forecast”, says **Group S&OP Planner, Jaap Valkema**.

Starting last year, we began forecasting monthly energy consumption by using our production data per square meter included in the S&OP, which serves as input for our gas hedging strategy.

“The impact on the supply chain is considered when making the forecast, but it’s not the only factor influencing the decision to reallocate volume. It can however help minimise exposure”, he says.

To help better understand gas hedging and its effects on prices:

“We have an energy committee that reports hedge levels and compares them to policy, in order to measure and evaluate deviations and determine actions to take. We can make informed decisions based on precise data”, remarks Jaap.

The main benefit of hedging? It reduces market volatility and uncertainty on actual and future costs.

The aim of a step-hedge policy is to strike a balance between the horizon and the level of hedging. Obtaining accurate information about additional gas costs is crucial.

Looking forward

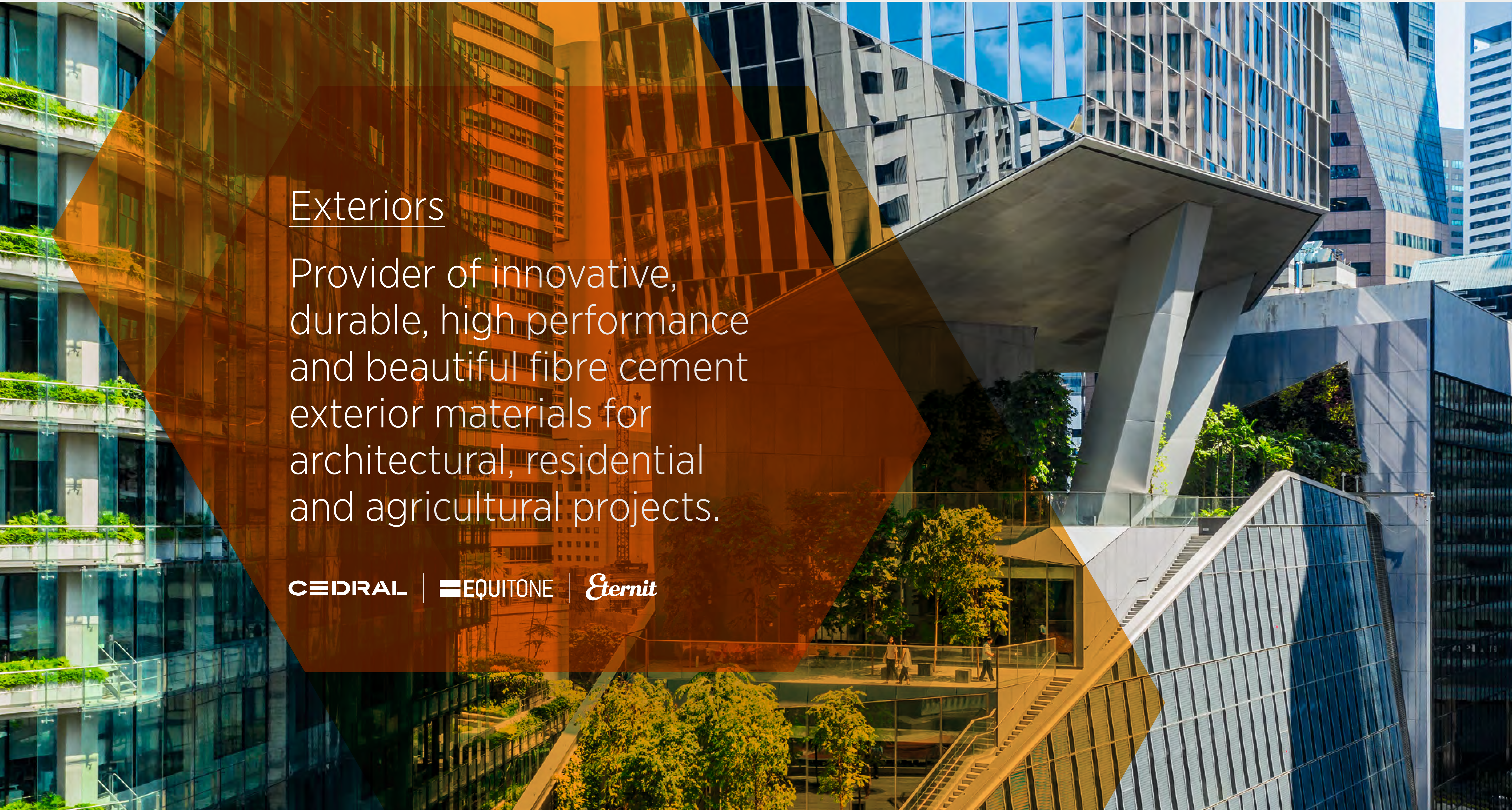
Our focus on better serving our customers remains. For Etex, it is essential to expand S&OP to a global and regional level in order to make the most informed decisions, especially when dealing with urgent concerns such as energy prices, even though it is currently localised.

“The S&OP process is one of the few processes where we properly start looking forward. This is an enriching exercise that provides us with perspective on what we do in the future, what it will bring and how it will affect our results”, adds **Goele Hermans, FBPO Supply Chain & Purchasing**.

“Its process is contributing to our bottom line, and given how today’s volatile world is impacting us, it’s very much needed”, **Goele** concludes.

“By analysing operational capabilities and constraints, we identified opportunities and risks and allocated production efficiently.”

Jaap Valkema
Group S&OP Planner



Exteriors

Provider of innovative, durable, high performance and beautiful fibre cement exterior materials for architectural, residential and agricultural projects.

CEDRAL | EQUITONE | Eternit

Management insights

For the Exteriors division, 2022 had two halves, the first showed strong volumes and tighter margins, the second increased prices and slowing demand. Head of Division Michael Fenlon explores this, and shares his views on prospects for 2023.

How would you sum up Exteriors in 2022?

Volatility and agility, in the wake of a strong post-COVID recovery in the second half of 2020 and 2021. All markets and regions benefited from a surge in renovation and new house construction in 2022, and we started to see a gradual recovering in supply chains. But the war in Ukraine changed this, triggering accelerated inflation due to increased oil and gas prices and a cost-of-living crisis.

How did the year's challenges impact the division, and how did the division tackle them?

Europe is the biggest market for Exteriors, so the war and its inflationary impacts were felt strongly. We reacted by engaging promptly with our customers to communicate the necessary price increases so they could prepare for them.

Unfortunately, uncertainty has impacted confidence and there was a clear drop in demand in the second semester of 2022. This impacted all geographies, notably because many of our materials are often used in renovation or new house construction, both heavily impacted.

For renovation, there were specific factors at play: cost of living increases, recession risk, and current construction cost increases, leading to hesitancy in undertaking major renovations. Construction, notably in renovation, is a sector that continued throughout COVID, so we may now be experiencing delayed consequences of the pandemic.

How do you see the priorities for 2023?

The outlook is unpredictable, and the demand reduction will increase competitive pressures short term. In Europe, inflation will likely slow as demand drops, with supply chains returning to normal. But as a manufacturing location, Europe will continue to experience competitive disadvantages because of higher energy prices. Outside Europe, the picture is mixed with uncertainty in Latin America and strong volumes in North America, Africa and Asia.

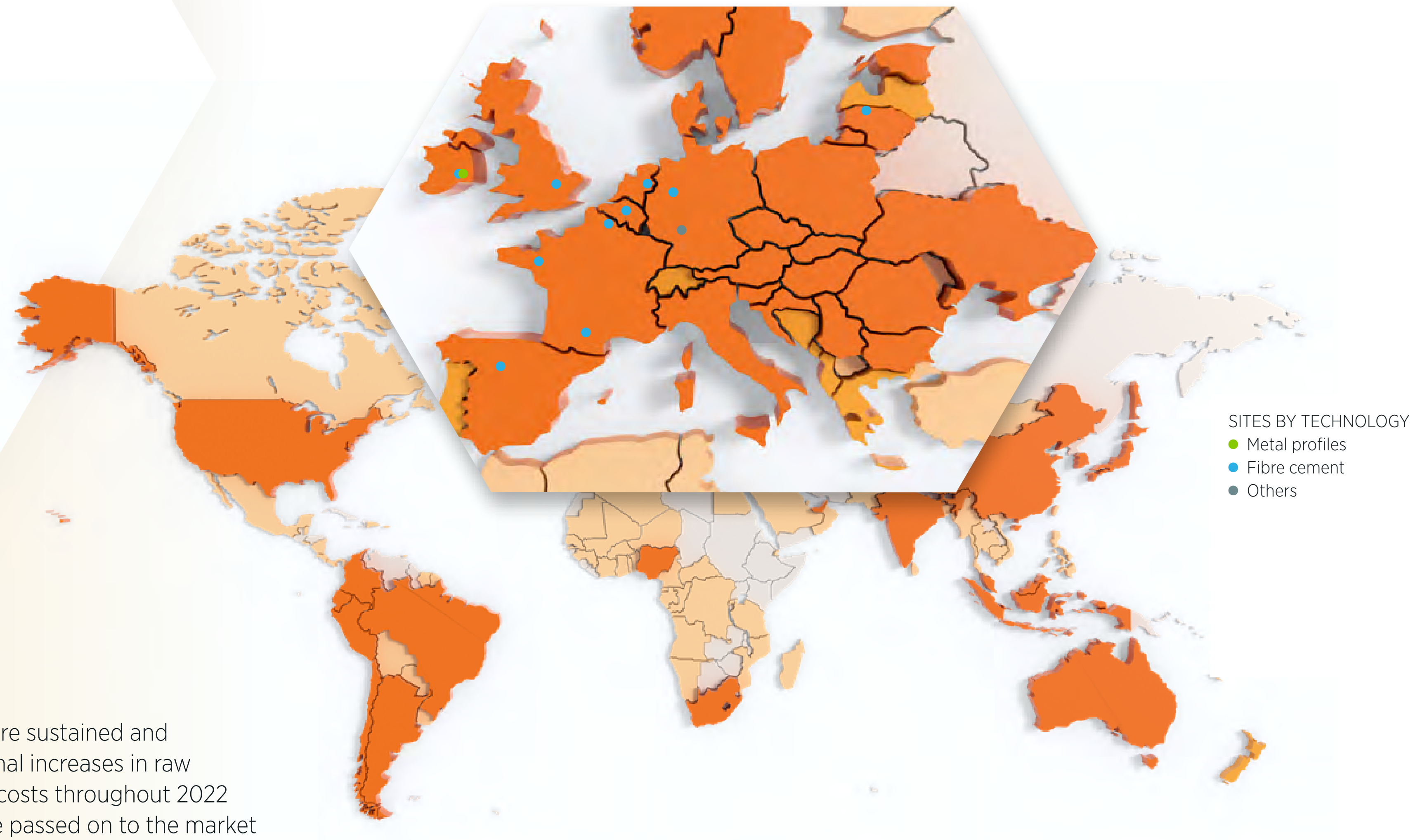
"The war in Ukraine and its inflationary impacts were felt strongly. We reacted positively and quickly, engaging with our customers to communicate the necessary price increases responsibly."

Michael Fenlon
Head of Division
Exteriors

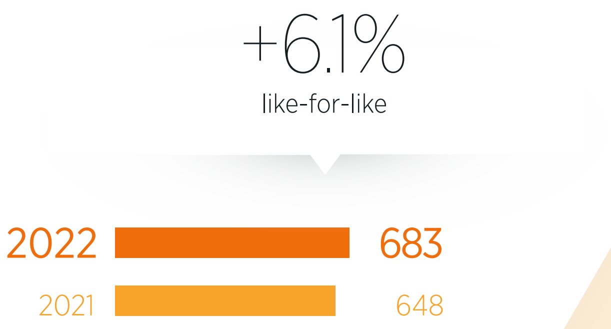
Agility is key, as COVID continues buffeting the market. We are ready to adapt and expect to see a return to growth in Europe and increased penetration elsewhere. Our focus on sustainability and innovation will start to pay off in 2023 and 2024.

How did we perform in 2022?

2022 was another strong year for the Exteriors division with increased sales overall, as the 2021 post-COVID momentum continued in the first semester followed by a more challenging second semester when volumes were affected by growing uncertainty caused by inflation and the Ukraine war.



Revenue of Exteriors
(in EUR million)



There were sustained and exceptional increases in raw material costs throughout 2022 which we passed on to the market during the year. We posted significant double-digit growth in North America and Australia, single-digit growth in Europe and a decline in Latin America.

Revenue

Topline growth was positive for the year mainly driven by price increases, although sales of EQUITONE in export markets grew strongly, especially in **North America**.

Residential

Latin America: Roofing and Cedral façade revenue decreased in Latin America, with **Chile** in particular posting a major drop due to increased competition and reduced demand.

Europe: After a strong start, the second half was more challenging for Cedral façade. This is the segment that had the biggest increase post-COVID and is now impacted more heavily by the cost of living crisis with renovation projects being delayed or postponed. We also see increased competition from producers outside Europe who are benefiting from lower energy costs in production. Midterm potential for growth remains strong with the move towards lightweight construction in new construction and upgrading existing housing stock. It should be noted that we exited Russia in the second quarter of 2022; this was our fastest growing Cedral façade market.

Cedral Roof continued to experience strong demand especially in the **Benelux** and **France**, but with a drop in volumes in the **UK** after an exceptional 2021. Roofing proved more resilient than façade due to subsidies and a solid backlog due to a lack of installer capacity.

Architectural

After a sharp drop in investment projects during COVID, EQUITONE sales volumes benefited from a recovery in this market in 2022 with good sales in **Europe** and even stronger sales outside Europe, notably in **North America**, **Australia** and the **Middle East**.

In Europe, results differed by country, with double-digit growth in **France** and in East Europe (**Baltics** and **Poland**), and a small decrease in our largest market **Germany**. We saw an increase in delayed or postponed projects in the fourth quarter as inflation and uncertainty started to impact this segment.

Agricultural

For corrugated sheets in **Europe**, our volumes remained very stable and largely unaffected by COVID. Demand continued on a long-term decline as agri construction was impacted by growing environmental challenges and a shift from beef production. **Spain** saw a sharp drop in the fourth quarter as a two decade long boom in pork production started to slow for a variety of reasons including increased domestic production in China which has been a big market for pork products from Spain.

Profitability

2022 was an exceptional year with huge input cost increases, especially for raw materials such as cement and fibres. This required significant agility to ensure we communicated and implemented the necessary price increases to preserve our margins while allowing our customers to adapt. Undoubtedly these unprecedented cost increases caused doubt and uncertainty in the market, leading to a slowdown in the second half of 2022.

The Exteriors division remains a highly profitable business with strong positions in a number of high-value niche segments. 2022 saw a slight drop from a very strong 2021 mainly impacted by increased input costs and a market slowdown later in the year. Our focus on communicating clearly and early with our customers about the impact of input cost increases enabled us to safeguard profitability. We made progress in manufacturing performance by reducing scrap and implementing savings efforts especially in energy costs, that were unfortunately offset by other input costs.

Outlook for 2023

In Europe, we expect to see a continuation of the trend from the second half of 2022 with uncertainty impacting demand and increased competition. We expect that inflation will drop off as we go through the year and competition will increase. Europe will continue to suffer from a cost disadvantage versus other regions as energy prices are likely to remain inflated for some time yet. Agility remains the most important strength in a volatile market.

Latin America's outlook is more difficult to predict and could see a recovery in the second half, while for the rest of the world we forecast double-digit growth for exports of EQUITONE, notably in North America, Australia and the Middle East.

Finally, we anticipate continuing our journey to improve our production footprint and increase flexibility so we can adjust production to volume.

Visualisation: INTERBODEN/HPP/bloomimages

Sustainability seal of approval

Etex's Exteriors division is committed to driving sustainability and innovation efforts, as key contributors to our strategic framework. As a result, a new milestone was achieved: all EQUITONE façade materials are now Cradle-to-Cradle Certified® at Bronze level. The certification confirms EQUITONE's chosen path to circularity and minimal environmental impact. A significant step towards Etex's sustainability ambitions.

"The strength of Cradle-to-Cradle is that it provides architects with the clarity and reliability they are looking for when selecting sustainable materials. The fact that EQUITONE was chosen for an iconic sustainable project such as 'The Cradle' confirms this."

René Blumberg
Account Manager

Paving the way to circularity

Widely regarded as a preferred product standard in the building industry, the Cradle-to-Cradle (C2C) certification gives architects looking to accelerate circular transformation a single, holistic, multi-attribute solution. "It promotes a circular approach to making materials and products using ingredients that are safe and healthy for people and the planet, manufactured responsibly, and designed for a circular economy", explains **Maarten Milis**, **Product Manager Sustainability**.

Through interviews with stakeholders, we learned that C2C is highly respected, and so, after setting up a team internally, our journey began. Today, all EQUITONE fibre cement façade materials are C2C Certified® Bronze. "The certification is not only a third-party confirmation of our efforts, it also gives us a pathway for transforming our 2030 ambitions into meaningful action", Maarten adds. Our R&D team also gets a science-based framework for innovating and improving our systems and processes.

Certification: a critical component moving forward

C2C is a mission-critical part of EQUITONE's commitment. To obtain certification, EQUITONE's fibre cement façade materials were assessed and optimised for sustainability performance in accordance with five categories of C2C requirements: material health, material reutilisation, renewable energy and carbon, water stewardship, and social fairness.

"We produce EQUITONE at two main sites in Belgium and Germany", says **Environmental Expert Sibert Dobbelaere**. "In Belgium, we had already made progress before C2C certification: reusing 85% of water in a loop, using solar energy and combined heat and power (CHP), increasing energy efficiency in production and recycling waste material." Our suppliers also certify that what they offer meets high sustainability standards.

Our future plans include putting production leftovers into a mixer to reuse as raw material (end of 2023) and using more solar panels to boost energy capacity.

Quality Manager, Ruediger Drube, adds: "The C2C certification helped us sharpen our own KPIs and data, as did data from local authorities. For our German plant, the government told us we were the first to make use of it. Data is more purposeful with C2C. The work behind this certification has also showed us how we can translate this process, mindset and behaviour to other Etex business units."

Helping our customers meet their own sustainability standards

C2C helps architects give their clients, including property owners and building developers, peace of mind about safety and sustainability. "Achieving this certification opened new doors", remarks **Rene Blumberg, Sales Representative EQUITONE**.

"Our client INTERBODEN is developing the first timber hybrid office building in Düsseldorf, where C2C certification for construction methods and their materials is highly respected. A long-lasting, durable material such as EQUITONE meets both standards."

Bronze, just the beginning

With Bronze secured, the only way is up. The requirement to renew certification every two years encourages continuous improvements over time, with eyes on reaching higher C2C levels.

Our materials already have Silver performance ratings for material reutilisation and social fairness, and we are working hard to accelerate advancements in our carbon, water and energy footprint.

"The work behind this certification has also showed us how we can translate this process, mindset and behaviour to other Etex business units."

Ruediger Drube
Quality Manager

Insulation

Leading European insulation provider of glass mineral wool and extruded polystyrene (XPS) to insulate residential and non-residential buildings.

Management insights

2022 was a successful year at all key levels for Etex's newest division, notably in terms of business and becoming part of Etex. Its *ad interim* Head, Jochen Friedrichs, details the first months of Insulation.

How would you summarise 2022 for Etex's fifth and newest division, Insulation?

It all started on the first of June 2022 when Etex officially completed the acquisition of URSA. From that moment, more than 1,700 of us enjoyed a very warm onboarding experience as a new division and were welcomed by all teammates through many townhall meetings. We can already feel and demonstrate that URSA is a good fit within Etex.

On the business side, we also performed well. We had a very good start to the year, but then things became more challenging following Russia's invasion of Ukraine, with increases in energy prices and soaring raw material costs. However, the operational teams did a great job to improve the margin alongside record sales in Europe. It is safe to say these were good first months for the Insulation division, and we are proud to be part of Etex.

How did the division manage URSA's footprint in Russia?

As soon as URSA officially joined Etex, we took a firm ethical position by doing everything to exit Russia. At the moment, we are still assessing potential options while our Russian business is operating on a standalone basis, separated from the rest of Etex.

What are the priorities for 2023?

First of all, we expect to continue performing well despite more challenging markets. Glass mineral wool markets look set to have different patterns by region and seasonality with unchanged healthy fundamentals for growth. This will allow for continued roll over of inflation, while working on maintaining our share.

Extruded polystyrene demand is expected to be hit by new build slow down. Additionally, we want to start the strategy execution process with several long-term growth projects, to grow with the market internally and eventually externally, in doing so ensuring we end the year with a full pipeline of promising projects for future development. Last but not least, we will focus on our sustainability targets: improve health and safety to catch up with Etex's benchmark, even increase the recycling share of our products, further reduce CO_2 in factories and run energy efficiency programmes.

"We had a great start as part of Etex. URSA performed very well in 2022 and we can already feel and demonstrate that we are a good fit within Etex."

Jochen Friedrichs,
Ad interim Head
of Division Insulation[1]

[1] Jochen Friedrichs became Head of Division Building Performance on 1 April 2023, he remains as ad interim Head of Division Insulation until a successor is appointed.

How did we perform in 2022?

In June 2022, Etex closed the acquisition of URSA, generating the company's newest division: Insulation. It was a good first year for business development, with the division offsetting negative effects, market disruptions and the war in Ukraine.

Revenue of Insulation
(in EUR million)

2022 312

The early months saw very strong volumes, followed by modest drops. Insulation's results were impacted by issues surrounding inflation, gas, power and raw materials. But the energy savings aspect of insulation made our products even more attractive than in previous years.

Revenue

The first semester was especially strong, with double-digit growth revenues driven mostly by price evolution. This slowed down somewhat in the third quarter when we saw the negative impact of volume evolution. However, by the fourth quarter we started to see some recovery.

Insulation registered high performances at plants and was successful in securing raw material and energy supplies. We also managed some big projects with good volumes.

Generally speaking, for the products mostly used in renovation, we experienced slight drops across most countries throughout Europe, but this remained modest. The drops were more visible in products related to new builds, in some cases double-digit drops. A specific example was in France, where insulation subsidies were not so readily available in 2022, and so naturally we saw bigger drops. There were fewer opportunistic customers who would normally rely on subsidies for low-priced insulation.

Profitability

We managed to pass on the inflationary effects stemming from raw materials, fixed costs, personnel costs, energy, etc. to the prices of our products. This meant that we could maintain profitability and avoid falling below the levels of previous years.

Outlook for 2023

Having URSA on board at Etex is expected to help generate strong performance in 2023, with positive financial and operational impacts. Etex has a solid financial backbone, so here our insulation business has a clear advantage from a financing cost point of view.

We forecast renovation to continue being a strong area for homes and businesses, as there is continued need for it when it comes to insulation and saving on energy. For new builds, we assume that there will be further drops, but not as strong as in 2022. This trend looks set to continue.

Increased energy prices will have significant impacts which we will continue to closely monitor to limit any adverse effects. With this in mind, we are implementing an energy efficiency programme to minimise costs and stay in line with our sustainability targets of further reductions in CO_2 emissions and energy consumption, at the same time still meeting our production goals.

As URSA is the newest brand within Etex, there is the potential for more synergies between glass wool and other Etex products such as plasterboard, so on the market we should be able to collaborate more. Similarly, the New Ways division presents opportunities in the area of offsite construction.

Etex warmly welcomes URSA

As soon as URSA became part of Etex in early June 2022, no time was wasted integrating all 1,700 new teammates into the organisation, in line with Etex's driver of Engaged people. Discover how this happened across different projects.

A welcome to remember

To kick things off, welcome townhalls took place across URSA sites, including at its plant in Delitzsch, Germany.

As **Mathias Dorheit, Plant Manager** tells us: "It was more an informal celebration than a traditional townhall. **Etex's CEO Bernard Delvaux** and **Jochen Friedrichs, Head of Division for Insulation**, planted a tree in front of the office building, reminding us all of the URSA-Etex connection."

Etex's CEO Bernard Delvaux and Jochen Friedrichs, Head of Division for Insulation, planting the tree.

"More than 130 teammates attended from Delitzsch together with people from our Queis plant, Czech Republic and sales teams. It was also an occasion to meet new colleagues and catch up with old ones", **Mathias** adds. "Starting with a nice townhall event was ideal, as it felt like becoming part of a family. Almost a year on from it, we still have fond memories. Today, we continue growing together, step by step."

Doing business side-by-side

URSA and other Etex brands set about exploring opportunities together right from the outset. On the commercial side in France, several initiatives were the focus of attention. In October 2022, URSA and plasterboard brand Siniat had side-by-side stands at Batimat, France's largest construction industry trade show, with Siniat boards on URSA's stand and URSA products on Siniat's stand.

Jean-Pierre Laherre, General Manager for URSA in France: "This collaboration is an important image to convey to our customers such as distributors, installers and project managers. It is a great way for Etex's brand teams to meet each other and share contacts. We already have plans to repeat similar initiatives and undertake sponsoring actions."

"Regular meetings and visits are also organised between different teams of Etex's brands in France, notably Siniat, Cedral, EQUITONE and URSA. The aim is to find potential new customers, share best practices and work on new joint proposals, such as an all-in-one solution for attic spaces combining URSA glasswool and Siniat plasterboards", **Jean-Pierre** adds.

Seamless integration with the supply chain

"URSA quickly joined the Etex supply chain community, benefitting from its end-to-end processes, conceptualisation work and productivity enhancement tools. URSA has understood best practices and identified how it can enhance its supply chain efficiency,"

explains **Pietro Piolanti, Manufacturing and Supply Chain Manager at URSA**.

Germany's General Manager Lars Lehmann and Bernard Delvaux during Q&A session.

URSA also takes part in the Etex container transportation tendering process, enabling it to benefit from better integration with suppliers and greater negotiation power provided by the scale of Etex. As **Pietro** tells us: "These supply chain initiatives offer a transparent management system enabling open discussions and offering external references through other divisions, countries and teams. Scale could also potentially bring cost improvement opportunities."

Benefits of a shared energy and IT strategy

With energy costs as key concern in 2022, URSA quickly bolstered its approach to energy purchasing through Etex.

Guillaume Schmitt, Energy Buyer at Etex: "We have quickly integrated the energy purchasing and hedging management for URSA plants within the same strategy and practice as for other European plants of Etex." This brings several benefits, including alignment of contractual terms and energy price schemes, collective negotiations of key clauses with suppliers, near real-time forward cost reporting and data streamlining between different departments of URSA and Etex regarding volume forecasts and costs.

As of day one of URSA being part of Etex, one of the first major initiatives was also to integrate the company into Etex's global IT environment.

Gregor Miklavčič, IT Business Partner at URSA: "We immediately focused on a few key projects such as Office 365 or network and security. With IT teammates from Etex, we worked together as if we had been colleagues for years. Today, we already officially integrated URSA's IT organisation within Etex. My main takeaway of this collaboration is that we all have learned a lot from each other, and we now have the opportunity to contribute to the growth of Etex."

Connecting through communication

In January 2023, Etex organised its first live event of the year for all teammates – the Etex Team Talk – at URSA's plant in Desselgem, Belgium. The event was co-hosted by José Carlos Pérez, from Etex's corporate communications team, and **Gerty Delange, Marketing & Communication Manager Benelux & UK for URSA**. "It was a great opportunity to shed light on our local organisation and DNA, and to show pride in what we do in Desselgem", **Gerty** says. "We involved many teammates, who clearly felt and saw Etex's presence and dedication to connect with us. I received only positive feedback from my close teammates but also from Etex teammates I had never met."

QUESTION

With our second-biggest acquisition ever, we expanded Etex's technology portfolio with URSA.

"Do we have the resources to keep delivering on our lightweight solutions strategy for the future?"

Sven Compagnie
Corrective Maintenance Responsible

ANSWER

Etex has a **robust financial base** to drive our long-term growth, delivering **excellent results in 2022**. We push innovation and **focus on growth opportunities** in each segment, enabling more collaboration and **strengthening our ambitions for lightweight construction**.

Read more about this topic in the report.

Watch Sven's video

Industry

Front runner of engineering expertise to drive the future of high performance temperature insulation and fire protection in the industrial, aerospace and energy sectors.

Promat

Management insights

2022 was a year of uncertainty requiring agility from Industry's teams. Its new Head of Division, Tanguy Vanderborght, reflects on the year and gives us a glimpse into the future.

Provide us with a snapshot of the Industry division's 2022

Focusing on our core strategy and technologies delivered strong results for the division. Our vision is to be a key account-centric organisation actively selling and advising on the most tested, optimised and sustainable solutions in the fire protection and high-temperature insulation markets, striving for the best customer journey. We established a product and application platform structure to identify promising market segments for the Promat portfolio and deliver this vision.

We had to be flexible and agile in the face of high demand during 2022, with many customers prioritising Promat solutions to reduce energy consumption and CO_2 emissions, including from heavy industries. Our customers are increasingly conscious of sustainability and our technologies enable them to achieve their objectives in this field.

Finally, the division invested in operational improvements, with a specific focus on energy savings in our production process. Industry launched new product developments for aerospace and marine, and relaunched a new generation of high-temperature insulation fibres.

What was the biggest challenge?

The division effectively managed extreme business volatility, which was probably the strongest across all Etex divisions. Agility and resilience from our teammates were again needed, alongside finding solutions for and with customers facing difficulties themselves.

What are you most proud of?

We defined our sustainability agenda, along with our commercial and operational priorities. This was only possible thanks to the collaborative work around the platforms and the review of promising market segments. We also undertook an in-depth review of the product cost drivers. The performance culture is becoming embedded and delivering initial results, and the resilience of teammates throughout the year was impressive.

What does 2023 have in store?

Safety remains the top priority. We will assess risks in our factories as we strive for zero accidents. We still expect some level of volatility and uncertainty but anticipate results will grow as we focus on core and growing markets, including sustainable energy markets and fire safety. We already saw this focus start to deliver during 2022.

Finally, we plan to review our commercial excellence priorities by further focusing on our segments and deepening our market insights. In March 2023, we acquired high temperature insulation Danish expert Skamol: read more here.

"The performance culture is becoming embedded and delivering initial results, while the resilience of teammates throughout the year remained impressive."

Tanguy Vanderborght,
Head of Division Industry

How did we perform in 2022?

The various segments grew during the year in terms of both sales and margins. Profitability was better than in 2021, which was already a good year. The challenge was to ensure that prices matched the rising costs, beating the inflation trap faced by production with long lead times.

Revenue of Industry
(in EUR million)

+14.8%
like-for-like

2022		203
2021		174

Revenue by region

Europe

With 80% of our activities, Europe plays a major role in our business. Across all four of our European segments, we saw positive trends in Germany, Italy, France, UK, ... Revenue was up by double digits. Projects started in 2021 were on track. In the second half of 2022 margins recovered to the levels of 2021.

Asia and the Middle East

The situation in the Middle East and Southeast Asia is different. Our business there focuses mainly on energy projects and is therefore more long-term and less driven by day-to-day economics. For the Middle East, we had a better year than 2021 for prices and margin, mainly driven by our large Dangote project in **Nigeria**.

Our other segments also performed well, although we saw pressure on costs in Asia. In **Japan**, we recovered in terms of sales, but our margins were still lagging.

North America

Sales in the **United States** increased significantly compared to 2021. Profitability, however was negatively impacted by inflation for the first three quarters.

Revenue by segments

Transportation

2022 kicked off with a boom in demand. We are active in many transport and marine applications, notably in brake pads and mainly in Europe. Transportation is currently on a positive growth path and is one of the most profitable segments.

Thermal process industry

Europe led the growth.
Our activities in AMEA and the United States did not see the same evolution. The very strong demand was tied to high energy prices and the need for companies to better insulate their equipment, such as machines.
At the same time, supplies from Chinese alternatives had become less attractive mainly due to product quality and logistical complexities.
COVID lockdowns as well as the cost of intercontinental transport also played in our favour. Our reliability, quality and local availability were the drivers for this demand.

Energy

The energy activities saw much better results than in 2021, at almost a third higher due to large projects. Looking to further improve our focus in this segment, we will develop more fuel cell business, the hydrogen economy and concentrated solar power.

Fire-rated applications and appliances

Performance improved on previous years, mainly driven by the fire-door business. The results here were closely linked to the building industry.

Although we saw smaller volumes in the summer of 2022, they picked up again in the last quarter. The commercial and operational teams also worked together on ways to reduce materials – and therefore costs – to remain competitive.

Profitability

Across the board, revenue was higher in 2022 than in 2021.

For the division, it was also a great recovery following 2020 when it was hit badly by the number of projects abandoned because of the COVID pandemic. The 2022 figures beat those of 2019 which was considered a good year.

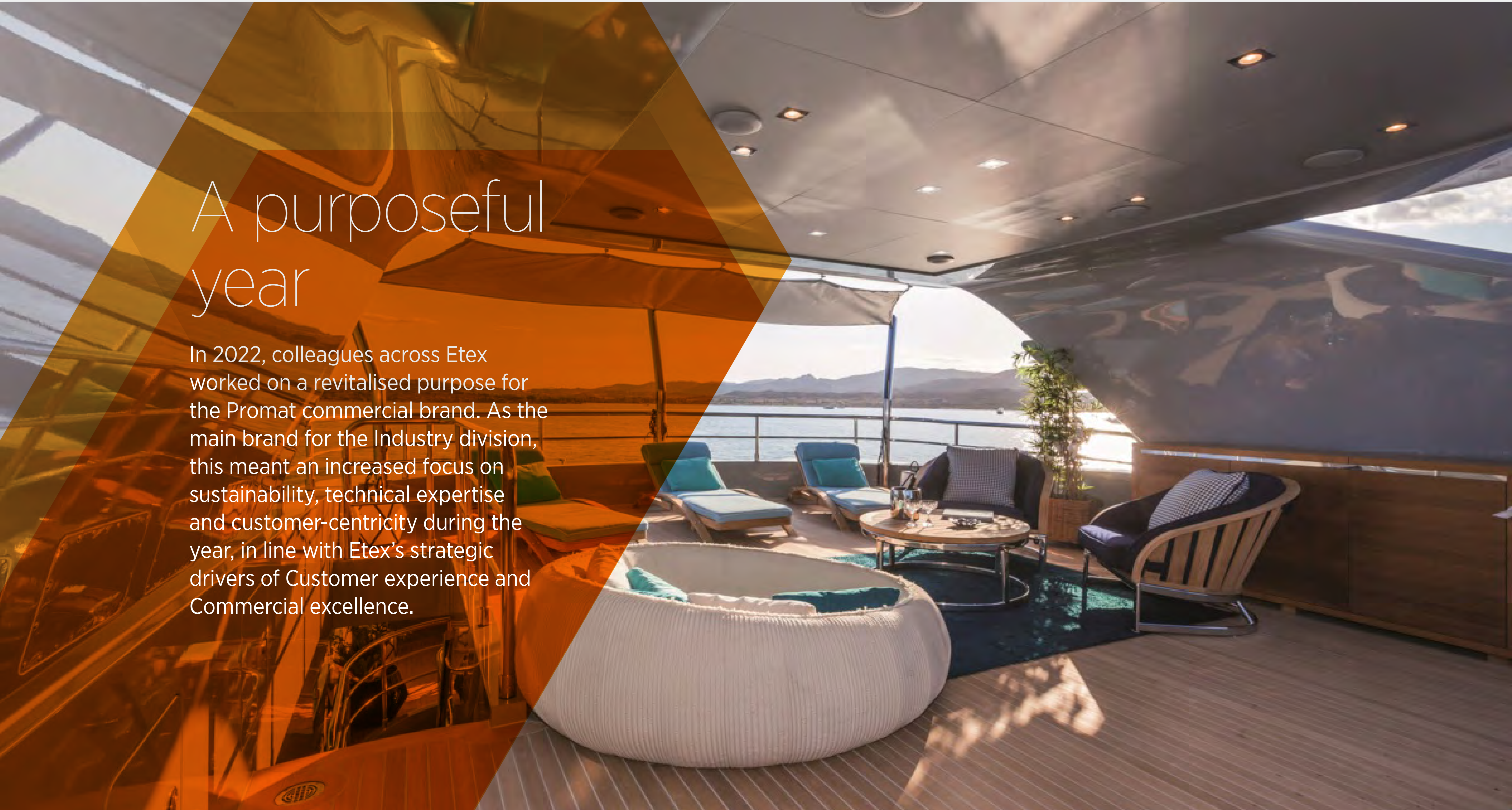
Outlook for 2023

Our assumption is that 2023 will remain a tense year due to the conflict in Ukraine and high energy prices. Compared to 2022, we expect stable level of demand in segments such as transportation and Thermal Process Insulation but growth in green energy.

For fire-rated applications and appliances, we expect to face difficult market conditions due to the slowdown in the building industry but expect to be able to retain or improve our results.

Lastly, in March 2023, we acquired high temperature insulation expert Skamol, a leading Danish manufacturer of specialty high-temperature insulation systems for a wide range of applications within building and industry.

This acquisition is subject to a customary closing conditions. Joining forces with Skamol will strengthen Etex's position and accelerate our growth in the high-temperature insulation market where we already are a key player with Promat. Together, and given our combined expertise in complementary technologies, we will gain scale to extend our geographic reach and expand our offering to our combined customer base. We have high regard for the brand, employees and management of Skamol and look forward to teaming up with them.



A purposeful year

In 2022, colleagues across Etex worked on a revitalised purpose for the Promat commercial brand. As the main brand for the Industry division, this meant an increased focus on sustainability, technical expertise and customer-centricity during the year, in line with Etex's strategic drivers of Customer experience and Commercial excellence.

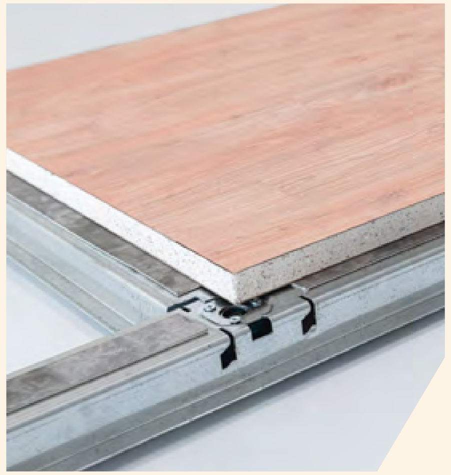
Building a more sustainable world

Industry's solutions for fuel cells are a prime example of sustainability. The cell uses the chemical energy of hydrogen or other fuels to cleanly and efficiently produce electricity. It can be used in a wide range of applications, providing power across multiple sectors, including transportation, industrial/commercial/residential buildings, and long-term energy storage for grids.

Matthew Pass, General Manager for North America tells more: "Our products play a key role in fuel cells, providing them with thermal insulation. This improves the efficiency of alternative energy sources, critical in a low-carbon world. Without proper insulation, fuel cells would be inefficient and uncompetitive. Cells can also produce hydrogen, so they can play a role in creating a hydrogen economy, using electricity to make gas as opposed to consuming it."

Another example of Industry's sustainability focus is the 2022 launch of two new products: one for aerospace and one for marine customers.

Ilja Doroschenko, Product Manager, sheds more light: "Our new product for the aircraft industry has been developed with and for one of the largest aerospace manufacturers. Our product, being 25% lighter than the competition, reduces the overall weight of each airplane and improves planes' fuel efficiency and carbon footprint." Meanwhile, the new marine product, aside from fire protection, improves ships' ecological impact and jobsite productivity. "By introducing the Promat Modular Interior, a floor solution kit consisting of a modular, easy-to-install click-and-connect metal grid combined with the 100% recyclable PLURATECT® MARINE Floor board, we deliver not only a significant enhancement in jobsite productivity and weight reduction, but also a product that can be recycled when the ship is decommissioned", **Ilja** adds.

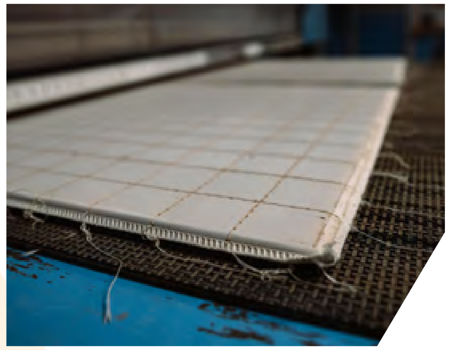


PLURATECT® MARINE Floor board.

Advancing the Industry division's expertise

One of Industry's other areas of expertise relates to safety – Etex's number one priority – via its fire door activities. Safety is key, not just for Etex. Being part of the solution to ensure customers' doors are more resistant to fire, allowing more time to evacuate and save people and material, is crucial.

Luc Martens, Segment Manager for fire-rated applications and appliances, reflects on the journey to reach that point:



PROMAGUARD® microporous panels are designed specifically for the marine industry.

"Between the first contact with a potential customer and the first contract, there can be several years of exchange, testing, new iterations, etc. You have to be persistent, but when it works, it is extremely rewarding. So showing our expertise is key. We must collaborate closely with different departments within our customer's organisation, such as R&D and product development, purchasing or management. We are also known for having a wide product range, and most importantly we are our own producers, not merely goods traders. We have our own lab and testing facility with specialists in different applications."

Re-emphasising the expertise factor, **Matthew** adds: "We are recognised globally for having a wide range of products together with the knowledge to get the best efficiency and optimised solution for our customers. It is not just about making and selling, it is also about being true experts."

Customer-centricity at its best

Being customer-centric means maintaining long-term relationships with partners, enabling them to grow using our expertise. "For our fuel cells business, we are present in America, Europe and Asia. So if our customers want to expand they do not need to seek another supplier, we can deliver anywhere and keep their designs consistent", **Matthew** explains.

"It is important to be in the kitchen with the customers to concoct top results together", adds **Luc**. "Our fire door activities are a perfect example of this, where we collaborate with fire door producers. Our approach is to work directly with them, ideally from the start, to develop the solutions they need for their fire doors using Etex's intumescent products and boards."

Ilja reiterates the success of this approach: "Our aerospace product innovation took over five years of proactive co-development with our customers. The keys to these breakthroughs were customer intimacy and close collaboration. Our teams were in close, direct contact with key customers to identify requirements, prototype rapidly, test products and adapt with agility. These innovative solutions also help us, our customers and our customers' customers make positive impacts on the environment."

Application of intumescent stripes for fire door.

New Ways

High-tech, lightweight, factory assembled panel and modular building solutions based on timber and steel framing.

e-loft | Evolusion Innovation | EOS | sigmat | Horizon

Management insights

Learning underpinned 2022 for the New Ways division, with lessons on where the division's strengths lay and the best direction forward. Patrick Balemans, Head of Division New Ways, sheds lights on the year that was.

How would you give a snapshot of New Ways in 2022?

2022 was the first full year that all companies generated results for the New Ways division. We learnt a lot during the year, exploring offsite markets for 2D and 3D panels, timber and steel framing and examining B2B and B2C approaches.

Can you briefly describe the main challenges and achievements for the division?

We grew the top line business 60%, thanks to hard-working teams and healthy volumes.

Despite posting financial results that were not as we had hoped, our experience reinforced the fact that Etex's strength is in producing building materials, and after three years with New Ways we can see our greatest contribution is in developing, manufacturing and selling systems and solutions based on these materials, rather than in general contracting systems and solutions.

By acquiring nine companies, we got a full picture of the construction world and understand better that we excel in B2B. We will continue working in timber and steel frames as legislation in different geographies supports this.

We grew faster in Europe with large-scale projects. We also learnt that we're very strong in 2D panels with timber or steel structures combined with Etex products in all its technologies: plasterboard, fibre cement, passive fire protection, insulation, etc. To further focus on Europe's higher potential, we decided to leave our joint ventures in Latin America, due partly to the lack of regulations for offsite and global megatrends.

How do you see the prospects and priorities for 2023?

We have made a growth plan for 2030 with a focus on Europe, notably the UK and Ireland for 2D panels in new build. We also see potential in the renovation and new build market in France, the Benelux, Germany and other parts of mainland Europe.

We are further investing in factory automation and industrialisation, applying a design-to-cost approach where software such as Enterprise Resource Planning (ERP) systems and Design for Manufacturing and Assembly (DFMA) ensure a strong link between design, production, assembly offsite, and installation onsite.

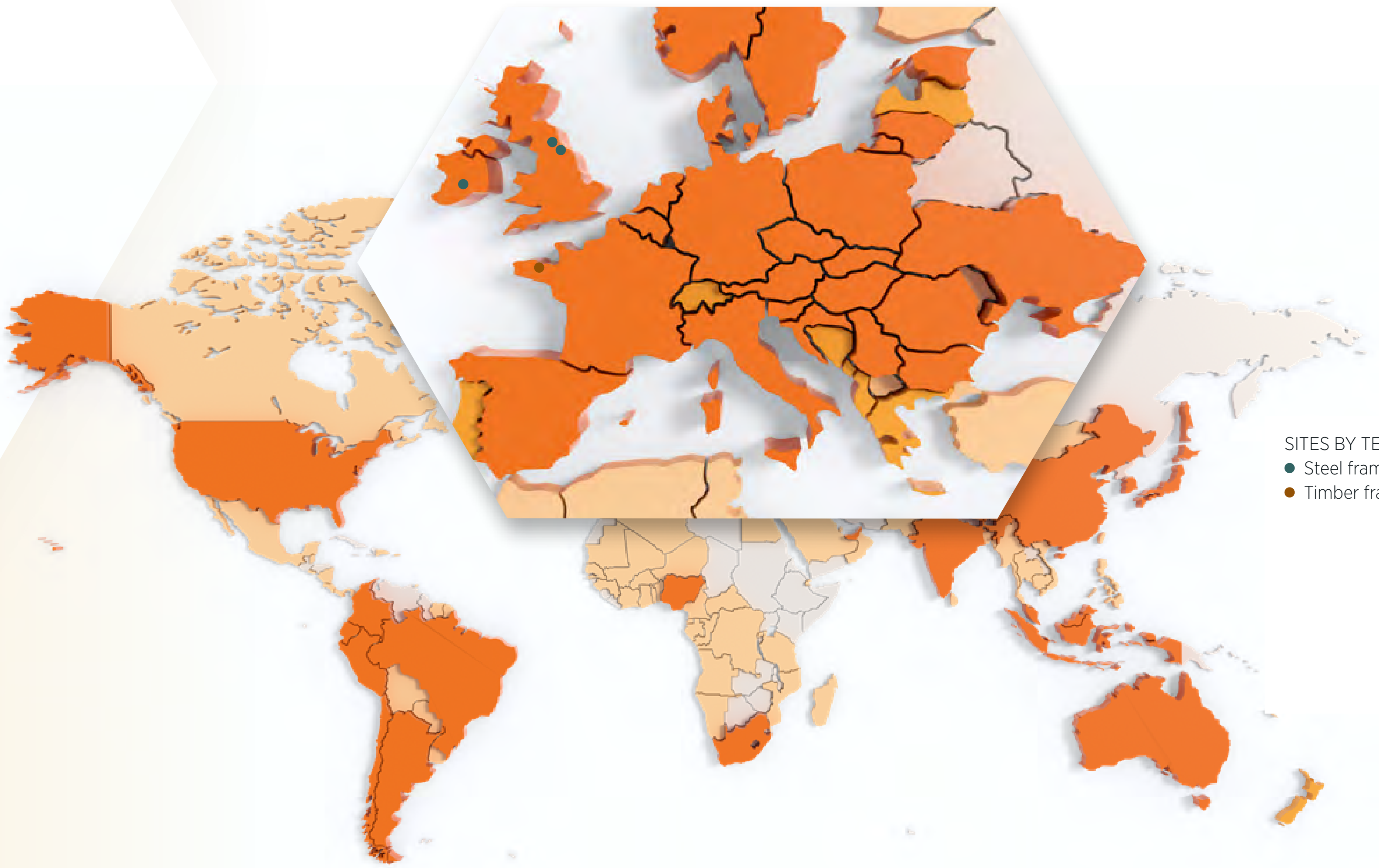
A commercial brand for New Ways is to be launched mid-2023. There will also be a catalogue of solutions launched for different segments such as new build, renovation, low- and high-rise buildings, all backed by Etex technologies.

"We have learned that Etex is strong in producing building materials, and after three years with New Ways we can greatly contribute as producers of systems and solutions to the very attractive offsite megatrend."

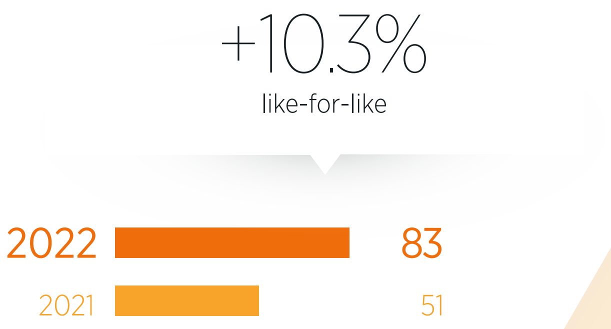
Patrick Balemans,
Head of Division New Ways

How did we perform in 2022?

2022 was the first year all companies contributed a hundred percent to the New Ways division and Etex, following 2021's acquisitions. We finalised the assembly of a full leadership team that manages all New Ways companies as one.



Revenue
of New Ways
(in EUR million)



Sales were up markedly in 2022 versus 2021, as were steel prices which also had an impact. At the end of 2022, and based on a better understanding of this new business, we decided to divest our four joint ventures in Latin America to focus on Europe.

Revenue

Europe

It was a challenging year for the division that saw some transitions in Europe. In the **UK** and **Ireland**, three companies focus on steel structures, and one (Evolusion Innovation) on consultancy and services of which we own 60%. EOS and Sigmat are in the UK, while Horizon Offsite is mostly in Ireland. The UK market welcomes offsite construction, and is backed by a government push for this.

We saw double-digit growth at Horizon and EOS, partly explained by volumes stemming from more projects and price increases. However, Sigmat generated lower revenues than in 2021 due mainly to some instability in the UK market.

E-loft, our French New Ways company, realised a solid top-line growth, mainly coming from adding B2B projects to our B2C portfolio. We produced and delivered the first B2B projects in **France**. Despite the strong top-line growth, the company struggled due to legacy projects in B2C and B2B, which were sold prior to the acquisition of the company in 2021.

The new build market is also slowing down in France. However, a substantial potential lies in renovation with 2D solutions in a B2B environment. One of the initiatives, called Energiesprong – targeting the renovation of big housing projects - offers opportunities in France, the Benelux and elsewhere in Europe.

Latin America

We could not see a profitable future for our four joint ventures (JVs) in Latin America, hence the decision in late 2022 to withdraw New Ways from the region and divest our stake in the JVs: E2E **(Chile)** and Tecverde **(Brazil)** with Arauco, Icon Plus **(Argentina)** with the Azzolini Group and Icon Plus **(Ecuador)** with the Kubiec Group.

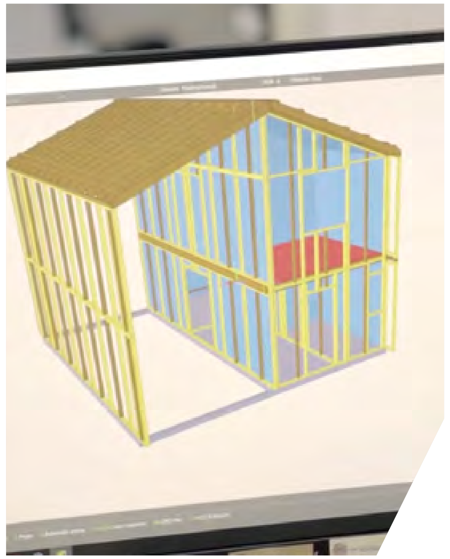
The three main factors contributing to the divestment were: offsite solutions are beneficial where labour costs are very high, but this is not so much the case in Latin America, apart from Chile - traditional construction is also very competitive; anticipated company sizes and volumes did not eventuate, so we could not cover overheads; and as 90% of turnover is in Europe, this region has become our focus.

Profitability

Profitability levels in the UK and Ireland were almost at breakeven. Horizon Offsite posted profits, and EOS and Sigmat showed a loss at REBITDA level due to some project slippage in 2022 because of specific market conditions.

Outlook for 2023

We foresee a further strong topline growth, while also generating positive REBITDA results. By avoiding slippage in 2023, our factories will run at or near full capacity. Following significant



challenges that include a 40% increase in material prices over the last two years which cannot be passed on to customers, lack of suitable personnel on sites and challenges to find the right balance between houses quality and economic return, E-loft started a receivership procedure in late March 2023. Receivers have been appointed and will determine the extent to which the business can continue.

Following the Latin American divestments, we will be leaner in terms of organisation, and fully focused on Europe. Increased top line growth is expected in the UK and Ireland. At the same time we will start selling and further developing 2D panel solutions for new built and renovation markets in France, Benelux and Germany.

The energy crisis does not directly affect the New Ways division, as we do not consume a lot of gas, but it does affect raw material prices, such as steel. The biggest impact is expected to be on labour inflation, with increased costs given the labour-intensive nature of our division. Meanwhile, raw materials will be impacted indirectly.

New builds and offsite methods are still very strong, particularly in the UK, offering potential to enter the renovation market where we have contracts with developers. We can then look to other markets across continental Europe, such as the Benelux and Germany, with a fresh perspective.

Together with Evolusion Innovation and the business development department, we are increasingly exploring integrated solutions with other Etex brands for insulation, high performance insulation, plasterboards, façade panels, etc.

Partnering for mutual benefit

In 2022, Etex's New Ways division focused on flexibility, expertise and customer-centricity to enhance the company's Customer experience and Commercial excellence. To discover how this commitment translates into real-world results, SimplyUK, our partner, shares information with us.

"We would like to take more of the work we do onsite, offsite, and build more value into the offsite product. I can see several advantages – in terms of both quality and efficiency, including reduced site management costs."

David Irvine
Technical Consultant
at SimplyUK

Topsham Road, Exeter.

The concept of true partnering is used across many businesses, but is still relatively new to construction supply chains. The idea is that the supplier (in this case Etex through New Ways), in return for a more consistent and visible pipeline of work, delivers a priority service proposition to the customer across several of its projects. Commercial considerations remain critical; but, having more projects to work together on enables both parties to drive efficiencies in innovation, design, manufacturing and operations that can be much more mutually beneficial.

One example: Sigmat and SimplyUK, a care homes developer, worked together to deliver several projects in the UK and recently Ireland. **David Irvine, Technical Manager for SimplyUK**, describes how it works, and the benefits for SimplyUK.

Creating shared value via collaboration with customers

"SimplyUK have grown rapidly from a regional player in western Scotland to one of the largest care home developers in the UK. We have ambitions to grow further and are looking at expanding beyond the UK, with our first non-UK scheme already under construction in Ireland", he explains. "We decided to select light gauge steel frames for our care homes' superstructure some time ago, based on several factors: ability to control the quality and tolerances of the product better due to its manufacture offsite; fire protection performance and speed of build being prime amongst them."

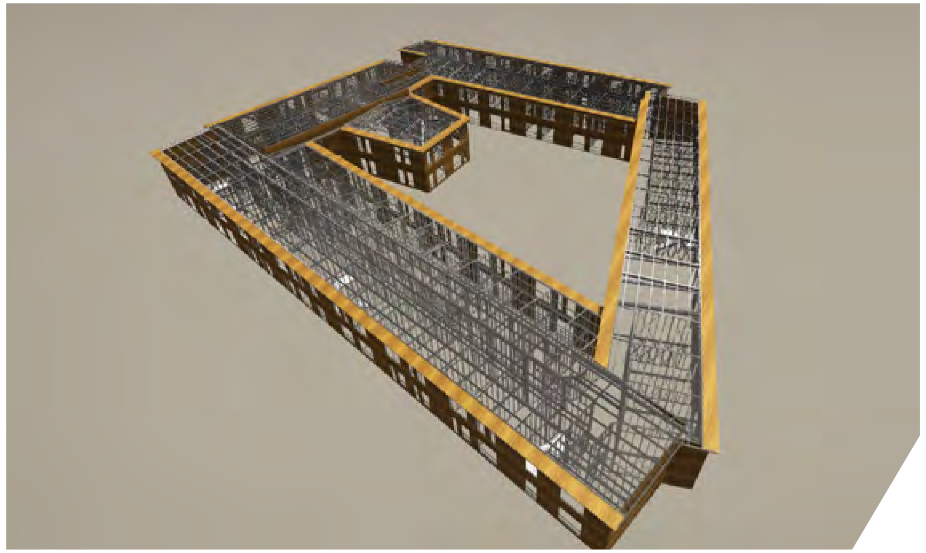
SimplyUK decided to go for a more partnering type approach for their projects. "We are active in the upper end of the market, and our brand is massively important to us", explains **David**. "We need partners who understand what we are trying to deliver our customers, not just on a single project, but across several projects – having a partnering type approach to our supply chain enables us to achieve that better. We also need suppliers who can move and react at our pace; we have several ongoing live jobs, and are keen to grow. If we have a good opportunity, we need, and want, to move quickly."

Customer success boosted by Etex

"We decided to give Sigmat a try on a couple of our schemes: the first in Stowmarket in Suffolk, the next in Exeter. It is fair to say that both projects have gone extremely well – we have been delighted with the quality of the product."

"More than that, we have also been impressed with Sigmat's flexibility – they try to provide us with as complete an offer as possible – and with the responsiveness of the service. The in-house design and detailing team notably has been very impressive in how they can get back to us so quickly with such high-quality drawings. The open communication between our businesses is a real positive."

Based on this experience, Sigmat is now involved in several more of our projects, including our first scheme outside the UK (Castle Manor, in Naul, Ireland), and our flagship project near the Old Course in St Andrews, Scotland", adds **David**.



Castle Manor project in Naul, Ireland.

As for the future with Sigmat, we would like to take more of the work we do onsite, offsite, and build more value into the offsite product. I can see several advantages – in terms of both quality and efficiency, including reduced site management costs.

Financial report

5

Consolidated financial statement

Consolidated income statement

in thousands of EUR	Notes	2021	2022
Revenue	(1)	**2,971,939**	**3,713,897**
Cost of sales	(3)	-2,021,232	-2,635,027
Gross profit		**950,706**	**1,078,871**
Distribution expenses	(3)	-337,653	-405,749
Administrative and general expenses	(3)	-197,055	-227,593
Other operating charges & income	(4)	-18,490	-14,307
Operating income before non-recurring items		**397,509**	**431,222**
Gain / (losses) on disposal of assets and businesses	(5)	10,112	8,804
Other non-recurring items	(5)	-93,053	-79,032
Operating income (EBIT)		**314,565**	**360,990**
Interest income	(6)	2,961	11,406
Interest expenses	(6)	-14,419	-33,863
Other financial income	(6)	14,284	27,930
Other financial expense	(6)	-18,346	-42,042
Share of profit from companies held for sale	(12)	-	6,635
Share of profit in equity accounted investees	(13)	-7,024	-1,682
Non-recurring items specific to equity accounted investees	(13)	-3,985	-8,565
Profit before income tax		**288,036**	**320,809**
Income tax expense	(7)	-89,618	-102,406
Profit for the year		**198,418**	**218,403**
Attributable to shareholders of Etex		194,138	210,308
Attributable to non-controlling interests		4,280	8,095
Earnings per (group) share (in euro)		2.48	2.69
Diluted earnings per (group) share (in euro)		2.48	2.69

Consolidated statement of comprehensive income

in thousands of EUR	2021	2022
Profit for the year	**198,418**	**218,403**
Remeasurements in employee benefit obligations	64,417	214,668
Income tax effect	*-1,734*	*-53,776*
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**62,683**	**160,892**
Changes in cash flow hedge reserves	744	127,821
Income tax effect	*-241*	*-31,548*
Exchange differences on translation of foreign operations	-4,661	-62,781
Net other comprehensive income to be reclassified to income statement in subsequent periods	**-4,158**	**33,492**
Other comprehensive income, net of tax	**58,525**	**194,384**
Total comprehensive income for the period, net of tax	**256,943**	**412,787**
Attributable to shareholders of Etex	251,140	405,682
Attributable to non-controlling interests	5,803	7,105

Consolidated statement of financial position

in thousands of EUR	Notes	2021	2022
Non-current assets		**2,216,630**	**3,278,181**
Property, plant and equipment	(8)	1,588,051	1,929,127
Property, plant and equipment - owned	(8)	*1,431,355*	*1,781,514*
Property, plant and equipment - leased	(8)	*156,696*	*147,613*
Goodwill	(9)	198,228	662,632
Other intangible assets	(10)	270,535	411,263
Investment properties	(11)	10,526	12,234
Assets held for sale	(12)	6,509	5,213
Investments in equity accounted investees	(13)	11,105	6,140
Other non-current assets	(14)	5,111	114,268
Deferred tax assets	(25)	112,025	98,403
Employee benefits assets	(22)	14,540	38,901
Current assets		**1,009,032**	**1,334,601**
Inventories	(16)	425,219	514,031
Trade and other receivables	(15)	339,995	430,953
Other current assets	(15)	41,318	81,452
Assets held for sale	(12)	-	102,127
Cash and cash equivalents	(18)	202,500	206,038
TOTAL ASSETS		**3,225,662**	**4,612,782**
Total equity	(19)	**1,414,102**	**1,807,110**
Issued share capital		*2,533*	*2,533*
Share premium		*743*	*743*
Reserves and retained earnings		*1,382,275*	*1,768,502*
Attributable to the equity shareholders of Etex		1,385,551	1,771,778
Non-controlling interests		28,551	35,332
Non-current liabilities		**827,320**	**1,573,979**
Provisions	(20)	118,308	120,052
Employee benefits liabilities	(22) (23)	356,343	159,858
Loans and borrowings	(24)	256,851	1,072,297
of which leasing	(24)	*136,403*	*124,900*
Deferred tax liabilities	(25)	83,701	208,680
Other non-current liabilities	(26)	12,117	13,092
Current liabilities		**984,240**	**1,231,693**
Provisions	(20)	43,508	39,337
Current portion of loans and borrowings	(24)	200,762	246,617
of which leasing	(24)	*22,702*	*26,525*
Trade and other liabilities	(26)	739,970	936,845
Liabilities held for sale	(12)	-	8,894
TOTAL EQUITY AND LIABILITIES		**3,225,662**	**4,612,782**

Consolidated statement of cash flows

In thousands of EUR	Notes	2021	2022
Operating income (EBIT)		314,565	360,990
Depreciation, amortization and impairment losses - owned	(27)	180,235	200,766
Depreciation, amortization and impairment losses - leased assets	(27)	27,208	29,796
Losses (gains) on sale of intangible assets and property, plant and equipment	(27)	-11,574	7,219
Losses (gains) on sale of businesses		5,722	1,369
Income tax paid	(27)	-93,574	-97,810
Changes in working capital, provisions and employee benefits	(27)	-65,576	-89,242
Changes in other non-currents assets/liabilities		-81	-3,195
Cash flow from operating activities		**356,925**	**409,893**
Proceeds from sale of intangible assets and property, plant and equipment	(27)	22,717	13,188
Acquisition of business	(9)	-297,891	-675,894
Cash and cash equivalent scope-in impact of acquired business		27,778	70,481
Disposal of business		10,875	196
Cash and cash equivalent scope-out impact of divested business		-153	-256
Capital expenditure - owned	(27)	-136,898	-286,302
Other investing activities	(a)	-3,822	-4,814
Cash flow from investing activities		**-377,394**	**-883,401**
Capital increase / (decrease)		765	530
Proceeds of borrowings	(27)	32,882	864,391
Repayment of borrowings	(27)	-150,398	-317,736
Interest and dividend received	(27)	3,305	8,587
Dividend paid	(27)	-63,923	-69,983
Interest paid		-8,990	-24,836
Cash flow from financing activities		**-186,359**	**460,953**
Net increase (decrease) in cash and cash equivalents		**-206,828**	**-12,555**
Cash and cash equivalents at the beginning of the year		390,010	201,110
Translation differences		17,929	12,744
Net increase (decrease) in cash and cash equivalents		-206,828	-12,555
Net cash and cash equivalents at the end of the year		**201,110**	**201,300**
Cash and cash equivalents		*202,500*	*206,038*
Bank overdrafts		*-1,390*	*-4,738*

(a) 'Other investing activities' mainly include the effect of capital increases (2022 and 2021) in 'investments in equity accounted entities' (Note 13)

Consolidated statement of changes in equity

	Attributable to the equity holders of Etex (Note 19)						
in thousands of EUR	**Issued share capital and share premiums**	**Treasury shares**	**Post employment benefits reserves and financial instruments**	**Cumulative translation adjustments**	**Other reserves and retained earnings**	**Non-controlling interests**	**Total Equity**
At December 31 2020	**3,276**	**-19,988**	**-309,935**	**-373,560**	**1,870,585**	**30,157**	**1,200,534**
Total comprehensive income	-	-	63,186	-6,184	194,138	5,803	256,943
Capital increase / (decrease)	-	-	-	-	-	765	765
Dividend	-	-	-	-	-54,715	-9,054	-63,769
Other equity movements	-	-	-	-	18,749	880	19,629
Treasury shares	-	-	-	-	-	-	-
At December 31 2021	**3,276**	**-19,988**	**-246,749**	**-379,744**	**2,028,757**	**28,551**	**1,414,102**
Total comprehensive income	-	-	256,907	-61,534	210,309	7,105	412,787
Capital increase / (decrease)	-	-	-	-	-	530	530
Dividend	-	-	-	-	-65,658	-5,368	-71,027
Other equity movements	-	-	-	-	46,203	4,515	50,718
Treasury shares	-	-	-	-	-	-	-
At December 31 2022	**3,276**	**-19,988**	**10,158**	**-441,278**	**2,219,610**	**35,332**	**1,807,110**

Accounting policies

Etex N.V. (the "Company") is a company domiciled in Belgium. The consolidated financial statements comprise the Company and its subsidiaries, interests in jointly controlled entities and equity accounted entities (together referred to as "the Group") as at 31 December each year.

The financial statements have been authorised for issue by the Board of Directors on 31 March 2023.

Statement of compliance

The consolidated financial statements of Etex for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

The Group applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2022. The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2022 and have been endorsed by the European Union:

- **Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022).** The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.
  - **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 recognise such sales proceeds and related costs 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 authorised for issue at the date the amendment is issued).

  The amendments and/or interpretations do not have any significant effect on the financial statements.

Basis of preparation

A - Functional and presentation currency

The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

B - Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: derivative financial instruments. Also, the liabilities for cash-settled share based payment arrangements are measured at fair value. The consolidated financial statements have been prepared using the accrual basis for accounting, except for cash flow information.

C - Use of judgement, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and related disclosures at the date of the financial statements. These judgements, estimates and associated assumptions are based on management's best knowledge at reporting date of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates, and could require adjustments to the carrying amount of the asset or liability affected in the future. The estimates and underlying assumptions are reviewed on an ongoing basis.

The significant estimates made by management concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The recoverable amount of the cash-generating units tested for impairment is the higher of its fair value less costs to sell and its value in use. Both calculations are based on a discounted cash-flow model. The cash flows are derived from the internal forecasts for the next three to ten years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are further explained in Note 9.

Provisions

The assumptions that have significant influence on the amount of the provisions are the estimated costs, the timing of the cash outflows and the discount rate. These assumptions are determined based on the most appropriate available information at reporting date. Further details about the assumptions used are given in Note 20.

Employee benefits

The measurement of the employee benefits is based on actuarial assumptions. Management believes that the assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases used for these actuarial valuations are appropriate and justified. They are reviewed at each balance-sheet date. However, given the long-term nature of these benefits, any change in certain of these assumptions could have a significant impact on the measurement of the related obligations. Further details about assumptions used are given in Note 22.

Recognition of deferred tax assets on tax losses carried forward

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The potential utilisation of tax losses carried forward is based on forecasts existing at reporting date. Actual results could differ from these forecasts with an impact on the utilisation of tax losses carried forward.

Cash-settled share-based payment transaction

The Group measures the cost of cash-settled transactions with employees by reference to the fair value of the equity instruments at each reporting date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 23.

Financial instruments

To measure the fair value of financial assets that cannot be derived from active markets, management uses a valuation technique based on discounted future expected cash flows. The inputs of this model require determining a certain number of assumptions, including discount rate, liquidity risk and volatility, subject to uncertainty. Changes in these assumptions could have an impact on the measurement of the fair value. Further details are given in Note 17.

Business Combinations

The acquisition method is applied in business combinations. The consideration is measured at fair value on the transaction date, which is also the date when fair value of identifiable assets, liabilities and contingent liabilities acquired in the transaction are measured. If the accounting of a business combination is incomplete at the end of the reporting period, in which the transaction occurred, the Group will report preliminary values for the assets and liabilities. Preliminary values are adjusted throughout the measuring period of maximum one year in order to reflect new information obtained about circumstances that existed as of the acquisition date, that if known, would have affected the valuation on that date. Correspondingly, new assets and liabilities can be recognised. The transaction date is when risk and control has been transferred and normally coincides with the closing date.

Non-controlling interests are recognised either at fair value or the proportionate share of the identifiable net assets and liabilities. The assessment is done for each transaction.

Any differences between cost and fair value for acquired assets, liabilities and contingent liabilities are recognised as goodwill or recognised in the income statement when the cost is lower. No provisions are recognised for deferred tax on goodwill.

Transaction costs are recognised in the income statement when incurred.

If business combinations are achieved in stages, the existing ownership interests are recognised at fair value at the point in time when control is transferred to the Group. Such a change in the carrying value of the investment is recognised in the income statement.

The principles applied to the recognition of acquisition of associated companies and joint ventures are in general the same as those applied to the acquisition of subsidiaries.

Hyperinflation

In May 2018, the Argentinian peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies as of 1 January 2018. 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 company has applied hyperinflation accounting for its Argentinian subsidiaries applying the IAS 29 rules as follows:

- Hyperinflation accounting was applied as of 1 January 2018;
- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2017 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2018 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line (see also Note 6);
- The income statement is adjusted at the end of each reporting period using the change in the general 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), thereby restating the year to date income statement account both for inflation index and currency conversion.

D - Basis of consolidation

Subsidiaries

Subsidiaries are entities that are controlled, directly or indirectly, by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investments in associates and joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Equity accounted entities are companies over which the Group generally holds between 20 per cent and 50 per cent of the voting rights. The Group's interest in joint ventures or equity accounted entities is consolidated using the equity method.

Equity accounting starts when joint control or significant influence is established until the date it ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount is reduced to nil and recognition of any further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the companies. The financial statements of these companies are prepared for the same reporting year as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Unrealised gains arising from transactions with joint ventures and equity accounted entities are eliminated to the extent of the Group's interest. Unrealised losses are eliminated the same way as unrealised gain but only to the extent that there is no evidence of impairment. The investments accounted for using the equity method include the carrying amount of any related goodwill.

E - Foreign operations

The individual 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"). Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the year. Assets and liabilities, including goodwill and fair value adjustments arising on consolidation are translated at exchange rates ruling on 31 December. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a non euro entity, the cumulative amount recognised in equity relating to that particular foreign operation is released to the income statement.

F - Transactions in foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates on 31 December are recognised in the income statement. Non-monetary assets and liabilities in a foreign currency are translated using the exchange rate at the date of the transaction.

G - Exchange rates

The following exchange rates against € have been used in preparing the financial statements:

		2021		2022	
		Average	End of period	Average	End of period
Argentinean peso	ARS	116.3715	116.3715	189.9155	189.9155
Australian dollar	AUD	1.5750	1.5615	1.5167	1.5693
Brazilian real	BRL	6.3798	6.3083	5.4396	5.5694
Chilean peso (000)	CLP	0.8984	0.9556	0.9177	0.9160
Chinese yuan	CNY	7.6288	7.2197	7.0791	7.4229
Colombian peso (000)	COP	4.4286	4.6328	4.4751	5.1306
Danish krone	DKK	7.4370	7.4364	7.4396	7.4365
Hungarian forint	HUF	358.5220	369.1900	391.3390	400.2500
Indonesian rupiah (000)	IDR	16.9207	16.1004	15.6249	16.5198
Nigerian naira	NGN	484.1108	480.3470	449.3027	493.4692
Peruvian nuevo sol	PEN	4.5914	4.8460	4.0374	4.3600
Polish zloty	PLN	4.5652	4.5969	4.6863	4.6899
Pound sterling	GBP	0.8597	0.8403	0.8529	0.8869
South African rand	ZAR	17.4820	18.0625	17.2119	18.0986
US dollar	USD	1.1829	1.1326	1.0529	1.0666

Risk profile

The Group is exposed to the normal range of general business risks. The Group takes measures to cover these risks through insurance and internal policies.

Typical risks include third-party and product liability, property damage, business interruption, employer's liability, and, in certain instances, credit risk.

The Group is active around the world. As such, the group is exposed to the impact of currency fluctuations on revenues, costs, assets, and liabilities arising outside the Eurozone. In 2022, the Group continued to follow our well-thought-out policies for addressing these risks.

Demand for building materials is mainly driven by growing populations and increasing prosperity. Another important factor is changing macroeconomic parameters, including GDP growth, public spending, interest rates and government policies.

The Group achieves risk diversification through our geographic spread and diversified portfolio. An additional element contributing to this diversification is the Group's broad involvement in residential, commercial, and industrial building, as well as renovation and new housing developments.

The Group uses a variety of raw materials to manufacture its products. Cement, for instance is a key ingredient. It is usually broadly available from several suppliers. Furthermore, the fibres which are used to reinforce some of our products are sourced from a limited number of Japanese and Chinese companies. The Group has built long-term relationships and contracts with each of these businesses. For natural resources such as clay and gypsum, we either own raw material supplies or we secure them by means of long-term contracts.

Our energy costs are significant. This is true for the production of specific products as much as for the manufacturing of the raw materials we receive from our suppliers. That is why we constantly review measures to reduce our energy consumption.

In the past, some Group companies regrettably used asbestos as a raw material. These businesses are exposed to claims from people having developed asbestos-related diseases. The Group is committed to ensuring fair compensation for those suffering from an illness caused by our former use of asbestos. The compensation costs are covered by state social security schemes, insurance companies and our own resources. Given the long latency of some of these diseases, we will remain exposed to this risk in the medium term.

For the Group's risks from business activities and the use of financial instruments, we refer to section 'R- Risk management'.

Significant accounting policies

The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by all entities. Certain comparatives have been reclassified to conform to the current year's presentation.

A - Property, plant and equipment

Property, plant and equipment are measured at acquisition or construction costs less accumulated depreciation and impairment loss (see E – Impairment of assets). The cost of property, plant and equipment acquired in a business combination is the fair value as at the date of acquisition. After recognition, the items of property, plant and equipment are carried at cost and not revaluated.

Costs include expenditures that are directly attributable to the acquisition of the asset; e.g. costs incurred to bring the asset to its working condition and location for its intended use. It includes the estimated costs of dismantling and removing the assets and restoring the sites, to the extent that the liability is also recognised as a provision. The costs of self-constructed assets include the cost of material, direct labour and an appropriate proportion of production overheads. Borrowing costs incurred and directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, are capitalised as incurred. When all the activities necessary to prepare this asset are completed, borrowing costs cease to be capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the operating income in the year the asset is derecognised.

Subsequent expenditures

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the costs of the item can be measured reliably. The carrying amount of the parts replaced is derecognised. All other costs are recognised in the income statement as an expense as incurred.

Assets held under lease (right-of-use assets)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The corresponding lease liabilities are included in non-current and current financial liabilities.

Depreciation

Depreciation starts when an asset is available for use and is charged to the income statement on a straight-line basis over the estimated useful life. The depreciable amount of each part of property, plant and equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately over its useful life on a straight-line basis. Costs of major inspections are depreciated separately over the period until the next major inspection. Temporarily idle assets continue to be depreciated.

Estimated useful lives of the major components of property, plant and equipment are as follows:

- Lands (excluding lands with mineral reserves):	*nil*
- Lands with mineral reserves:	*exploitation lifetime*
- Lands improvements and buildings:	*10 - 40 years*
- Plant, machinery and equipment:	*5 - 30 years*
- Furniture and vehicles:	*3 - 10 years*

Mineral reserves, which are presented as "lands" of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over the estimated tons of raw materials to be extracted from the reserves.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

B - Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (see E – Impairment of assets).

Internally generated intangible assets are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Expenditures capitalised include the costs of materials, direct labour and an appropriate portion of overheads.

The useful lives of intangible assets are assessed to be either finite or indefinite on the following bases:

- Patents, trademarks and similar rights:	Estimated legal / economical life
- Software ERP:	10 years
- Other software:	5 years
- Development costs:	15 years
- Customer lists:	3 - 15 years
- Brands:	15 years
- Technology and design:	15 years
- Rights to exploit and extract mineral resources:	usage

Intangible assets with finite lives are amortised over the useful economic life using the straight-line method. The estimated useful lives are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates by changing the amortisation charge for the current and future periods. The amortisation expense is recognised in the income statement in the expense category consistent with the function of the asset.

C - Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, equity accounted entities or joint venture at the date of acquisition. Goodwill on acquisitions of equity accounted investee or joint ventures is included in the carrying amount of the investments. Goodwill on the acquisition of subsidiaries is presented separately, and is stated at cost less accumulated impairment losses (see E – Impairment of assets).

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, this excess (frequently referred to as negative goodwill or badwill) is immediately recognised in the profit and loss statement, after a reassessment of the fair values.

Additional investments in subsidiaries in which the Company already has control are accounted for as equity transactions; any premium or discount on subsequent purchases of shares from minority interest are recognised directly in the Company's shareholders' equity.

D - Investment property

Investment property is property held to earn rental income or for capital appreciation or for both and is valued at acquisition cost less accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Investment property is depreciated similar to owned property (see A – Property, plant and equipment).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation.

E - Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset, other than inventories and deferred taxes, may be impaired. If any such indication exists, the recoverable amount of the asset (being the higher of its fair value less costs to sell and its value in use) is estimated. In assessing the value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the income statement apart from goodwill for which no such reversal is allowed.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be adequate. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Financial assets: When a decline in the fair value of a financial asset valued at fair value over OCI (FVOCI) has been recognised directly in comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in comprehensive income is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. The reversal of an impairment loss in respect of an investment in an equity instrument classified as financial asset FVOCI, following an event occurring after the recognition of the impairment loss, is performed in comprehensive income. In the case of equity investments classified as financial asset FVOCI, objective evidence would include a significant or prolonged decline in fair value of the investment below its cost.

F - Investments in debt and equity securities

All purchases and sales of investments are recognised on trade date, which is the date that the Group commits to purchase or sell the asset.

Investments in equity securities are undertakings in which the Group does not have significant influence or control. These investments are designated as fair value through OCI financial assets, as they are not held for trading purposes. At initial recognition they are measured at fair value unless the fair value cannot be measured reliably in which case they are measured at cost. The fair value is determined by reference to their quoted bid price at reporting date. Subsequent changes in fair value, except those related to impairment losses which are recognised in the income statement, are recognised directly in comprehensive income. On disposal of an investment, the cumulative gain or loss previously recognised in comprehensive income is recognised in the income statement.

G - Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an asset, the grant value is recognised as a deferred income and is released to the income statement as a reduction of the depreciation charge over the expected useful life of the relevant asset by equal annual instalments. When the grant relates to a compensation of an expense, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs incurred.

Government grants that are expected to be released within twelve months after the reporting date are classified as other current liabilities. The other government grants are classified as non-current liabilities.

H - Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned by using the weighted average cost method. The cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition, including inter-plant transportation charges. For manufactured inventories, cost means full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the reporting date. Allocation of indirect production costs is based on normal operating capacity. Borrowing costs are expensed as incurred. The costs of inventories may also include transfers from equity of any gain or loss on qualifying cash flow hedges on foreign currency purchases of inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

I - Trade and other receivables

Trade and other receivables are initially recognised at fair value which generally corresponds with the nominal value. Trade and other receivables are subsequently carried at amortised cost using the effective interest rate method. An impairment allowance is recognised for any uncollectible amounts when there is objective evidence that the Group will not be able to collect the outstanding amounts. The Group applies the simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses.

J - Cash and cash equivalents

Cash and cash equivalents are readily convertible into known amounts of cash. Cash and cash equivalents comprise cash at banks and on hand and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are not included in cash and cash equivalents but classified as current financial liabilities. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at amortised cost.

K - Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction of equity, net of tax effects.

Treasury shares

Own equity instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Dividends

Dividends are recognised as liabilities in the period in which they are declared.

L - Provisions

A provision is recognised when the Group has a legal or constructive obligation arising from past events for which it is probable the settlement will require an outflow of resources embodying economic benefits and a reliable estimate can be made on the amount of the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as financial result.

Warranty provisions

The Group recognises a provision to cover the costs arising from contractual obligation or established practice of repairing or replacing faulty or defective products sold on or before the reporting date. The estimate of warranty provision is based on past experience on the level of repairs, applied to past period sales that are still under warranty.

Restructuring provisions

Restructuring provisions are recognised when the following conditions are met:

- the decision to restructure is based on a detailed formal plan identifying at least: the business and the employees concerned, the expected expenditures and the expected date of implementation,
- there is a valid expectation that the plan will be carried out to those affected by it by the reporting date,
- the restructuring has either commenced or has been announced publicly.

Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily incurred and is not associated with the ongoing activities of the Group.

Emission rights

The initial allocation of emission rights granted is recognised at nominal amount (nil value) and is subsequently carried at cost. Where the Group has emitted CO^2 in excess of the emission rights granted, it will recognise a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not actively trade these in the market.

Other provisions

These captions include provisions for claims and litigation with customers, suppliers, personnel, tax authorities and other third parties. It also includes provisions for onerous contracts, for guarantees given to secure debt and commitment of third parties when they will not fulfil their obligation and for site restoration costs.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

A provision for site restoration costs in respect of contaminated land is recognised whenever the Group has a legal obligation to clean the land or where there is an intention to sell the land.

Provisions that are expected to be settled within twelve months after the reporting date are classified as other current liabilities. The other provisions are classified as non-current liabilities.

M - Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation,
- or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed if the inflow of economic benefits is probable.

N - Post employment benefits and other long-term employee benefits

Defined benefits plans

Some Group companies provide pension or medical plans for their employees which qualify as defined benefits plans. The net obligation resulting from these plans, which represents the amount of future benefits that employees have earned in return of their service in the current and prior periods, are determined separately for each plan by a qualified actuary using the projected unit credit method. The calculations are based on actuarial assumptions relating to mortality rates, rates of employee turnover, future salary levels and medical costs increase which reflect the economic conditions in each country or entity.

Discount rates are determined by reference to the market yields at the reporting date on high quality corporate bonds or to the interest rates at the reporting date on government bonds where the currency and terms of the bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Re-measurements, comprising actuarial gains and losses (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under :

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in operating income before non-recurring items
- Net interest expense in interest expenses.

The defined benefit liability is the aggregate of the present value of the defined benefits obligation reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, a net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognised past service costs.

Defined contributions plans

In addition to the defined benefits plans described above, some Group companies sponsor defined contributions plans based on local practices and regulations. The Group's contributions to defined contributions plans are charged to the income statement in the period in which the contributions are due.

Other long term benefits plans

Other long term obligations include the estimated costs of early retirement for which a constructive obligation exists at reporting date.

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash-bonus plans if the Group has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

O - Employee benefits – Share based payment transactions

The Group operates various share-based compensation plans which qualify as equity-settled transactions with a cash alternative. In addition to the shares options, beneficiaries receive put options which entitle them to a cash payment, and as management assumes that most of these put options will be exercised, the Company accounts for the grants as a cash-settled transaction. The services received and the liability incurred are measured initially at fair value at the grant date using the Black and Scholes method taking into account the terms and conditions upon which the instruments were granted. The initial fair value is expensed over the period until vesting. The fair value of the liability is re-measured at each reporting date up to and including the settlement. Any changes in fair value of the liability are recognised in the income statement.

P - Financial liabilities

Bank loans and other borrowings

Bank loans and other borrowings are recognised initially at the fair value of the consideration received, net of transaction costs incurred. In subsequent periods, bank loans and other borrowings are stated at amortised cost, with any difference between costs and redemption value being recognised in the income statement, using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

These liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Lease payments do not include payments allocated to non-lease components of a contract. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occur.

The Group presents interests paid on its lease liabilities as financing activities in the cash-flow statement. Variable payments as well as amounts paid for short-term and low-value leases are presented as operating activities.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset

The lease payments due within twelve months are included in current financial liabilities.

Liabilities related to put options granted to non-controlling interests

When the Group granted put options to third parties with non-controlling interests in a subsidiary, these options are giving the holders the right to sell part or all of their investment in the subsidiary. These financial liabilities do not bear interest. In accordance with IAS 32, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognised in an amount corresponding to the present value of the estimated exercise price. This financial liability is included in the non-current liabilities. The counterpart of this liability is a write-down of the value of the non-controlling interest underlying the option or a reduction of parent equity (based on the conditions of the put-option). The difference between the value of the non-controlling interest and the fair value of the liability is allocated to the retained earnings (Group share), which are included in shareholders' equity. This item is adjusted at the end of each reporting period to reflect changes in the estimated exercise price of the option and the carrying amount of non-controlling interests. If the option matures without exercising, the liability is written off against non-controlling interests and retained earnings.

Q - Trade and other payables

Trade and other payables are initially recognised at fair value which generally corresponds with the nominal value. They are subsequently carried at amortised cost using the effective interest rate method. The Group has supplier finance arrangements in place. The arrangements contemplate the transfer of receivables (outstanding Group's payables) by suppliers to predefined banks. The group has determined that the terms (amount, nature, function and timing) of the trade payables are otherwise substantially unchanged and that it is therefore appropriate to continue presenting the relevant amounts within trade payable in the balance sheet.

R - Risk Management

The Group has exposure to the following risks from its business activities and use of financial instruments in running and managing its business:

a. Market risk
b. Credit risk
c. Liquidity risk
d. Capital risk

The Group's risk management policies have been established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly in the light of market conditions and changes in the Group's activities.

a. Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices, will (positively or negatively) affect the Group's income or expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group creates financial assets and incurs financial liabilities in the ordinary course of business. It buys and sells derivatives in order to manage market risk. Generally, the Group seeks to apply hedge accounting to allow it to offset, at maturity, the gains or losses on the hedging contracts against the value of costs and revenue. Hedge accounting enables it to manage volatility in the income statement.

Currency risk

In its operations, the Group is exposed to currency risk on sales, purchases and borrowings.

The translation of local statements of financial position and income statements into the Group reporting currency leads to currency translation effects. If the Group hedges net investments in foreign entities with foreign currency borrowings or other instruments, the hedges of net investments are accounted for similarly to cash flow hedges. All foreign exchange gains or losses arising on translation are recognised in equity and included in cumulative translation differences.

Due to the nature of the Group's business, a high proportion of revenues and costs is in local currency, thus transaction risk is limited. Where Group entities have expenditures and receipts in different foreign currencies, they enter into derivative contracts themselves or through the Group's treasury centre to hedge their foreign currency exposure over the following months (based on forecasted purchases and sales). These derivatives are designated either as cash flow hedges, fair value hedges or non hedging derivatives.

Interest rate risk

The Group's primary source of funding is floating rate bank debt. Therefore it is exposed to the risk of changes, beneficial or adverse, in market interest rates. The Group's long-term borrowings have been raised by companies in Belgium. To manage its interest costs, the Group has entered into interest rate swaps. The hedges ensure that the major part of the Group's interest rate cost on borrowings is on a fixed rate basis. The timing of such hedges is managed so as to lock interest rates whenever possible.

Equities and securities risk

Equity price risk arises from financial assets valued at fair value through OCI. In general, the Group does not acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

b. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or finance counterparty to a deposit, lending or derivative instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and from bank deposits and investment securities. It also includes the risk that a financial counterparty may fail to meet its obligation under a financial liability. The Group constantly monitors credit risk, and ensures that it has no excessive concentration of credit risk with any single counterparty or group of connected counterparties.

To manage the risk of customer default, the Group periodically assesses the financial reliability of customers, and establishes purchase limits for each customer. The Group applies the simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The main components of these allowances are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Finance counterparties consist of a number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, including their lending obligations, given their high credit risk ratings. Nevertheless, the Group seeks to spread its interactions with the banking world on a sufficient number of market players to mitigate the risk of a potential default.

c. Funding and long term liquidity risk

Funding risk is the risk that the Group will be unable to access the funds that it needs when it comes to refinance its debt or through the failure to meet the terms of its main syndicated credit facility. A summary of the terms of the facility are to be found in Note 24 on financial debts. Refinancing risk is managed through developing and maintaining strong bank relationships with a group of financial institutions and through maintaining a strong and prudent financial position over time.

Long term liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, and so avoid incurring unacceptable losses or risking damage to the Group's reputation.

Short term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines. Cash is maintained, where necessary, to guarantee the solvency and financial flexibility of the Group at all times. In 2015 a factoring and credit insurance plan was set up for trade receivables (refer to Note 15).

d. Capital risk

The Group's primary objective when managing capital is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic situations.

S - Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risk associated with foreign currency and interest rate fluctuations. In accordance with its treasury policy, the Group does not hold derivative financial instruments for trading purposes. Derivative financial instruments that do not qualify for hedge accounting are accounted for as financial assets and liabilities at fair value through profit and loss. In 2022, the Group changed from IAS 39 to IFRS 9. This change doesn't have a significant impact on the 2022 financial information.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into. The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates and current creditworthiness of the counterparties.

Subsequently to initial recognition, derivative financial instruments are stated at fair value at the reporting date. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Derivative financial instruments are stated at cost if their fair value cannot be measured reliably.

Gains or losses on re-measurement to fair value are recognised immediately in the income statement unless the derivative qualifies for hedge accounting whereby recognition is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives either as:

- a hedge of a particular risk associated with a recognised asset or liability or highly probable forecasted transaction, such as variability in cash flows of future interest payments on a floating rate debt (cash flow hedge), or
- a hedge of a net investment in a foreign entity.

A derivative instrument is accounted for as a hedge, when:

- The hedging relationship is documented as of its inception.
- The hedging is highly effective in achieving its objective.
- The effectiveness can be reliably measured.

For a cash flow hedge, the forecasted transaction which is the subject of the hedge must be highly probable.

Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are effective are recognised in equity. Where the firm commitment results in the recognition of a non-financial asset, for example property, plant equipment or inventory, or a non-financial liability, the gains or losses previously recognised in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts recognised in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement. Any ineffective portion is reported immediately in the income statement. When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed transaction ultimately is recognised in the income statement. However, if a committed transaction is no longer probable to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation that are effective, are recognised in equity and included in cumulative translation differences. The amounts deferred in equity are transferred to the income statement on disposal of the foreign entity.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. The changes in fair value that are recognised in profit and loss of the period are classified in operating result if the derivative relates to a non-financial asset and in financial result if the derivative relates to a financing transaction.

T - Income taxes

Income taxes include current and deferred income taxes.

Current income taxes

Current tax is the expected tax payable on taxable income for the year, and any adjustment to tax payable in respect of previous years. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred income taxes

Deferred income taxes are calculated, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax base. The amount of deferred tax provided is based on the expected manner of realisation of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised, except:

- where the temporary differences arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.
- in respect of taxable temporary differences associated with investments in subsidiaries, equity accounted entities and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable

that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only when it is probable that taxable profits will be available in the coming 3 to 5 years, against which the deductible temporary difference or the tax loss to be carried forward can be utilised, except:

- where the temporary differences arise from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.
- in respect of deductible temporary differences associated with investments in subsidiaries, equity accounted entities and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date to assess the probability that sufficient taxable profit will be available to allow deferred taxes to be utilised.

Deferred tax is recognised in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is treated accordingly.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

U - Revenue

Revenue arising from contracts with customers is recognised applying the five-step model. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognises revenue from the following major sources:

Sales of goods

Contracts with customers to sell goods has only performance obligation. Revenue recognition (net of sales tax and discounts) occurs at a point in time, when control of the asset is transferred to the customer.

Project - Construction contracts

Contract revenue is recognised progressively on the most appropriate output or input method, to measure progress towards completion. Judgement is required when determining if a contract meets the criteria for recognition over time and the proportion of revenue to recognise. When the outcome can be assessed reliably, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date. A construction contract's stage of completion is assessed by management by comparing costs incurred to date with the total costs estimated for the contract. Contract costs are recognised in the period in which they are incurred. The majority of contracts have payment terms based on contractual milestones, which are not always aligned to when revenue is recognised. The Group recognises contract liabilities for consideration received in respect of unsatisfied contractual obligations and reports these amounts as a contract liability in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, then it will recognise either a contract asset or a receivable in its statement of financial position. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of the contract expenses that are recoverable. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is charged to the income statement.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases.

Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

Dividends

Dividends are recognised when the Group's right to receive payment is established.

V - Expenses

Finance income and expenses

Finance costs comprise:

- interest payable on borrowings calculated using the effective interest rate method;
- foreign exchange gains and losses on financial assets and liabilities;
- gains and losses on hedging instruments that are recognised in the income statement;
- the expected return on plan assets; and
- interest costs with respect to defined benefit obligations.

The interest expense component of lease payments is recognised in the income statement using the effective interest rate method.

W - Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

X – Non-recurring items

Income statement items that relate to significant restructuring measures and business transformations, health claims and environmental remediation, major litigation, and goodwill impairment, income or expenses arising from disposal of businesses or non-productive assets and other significant one-off impacts such as those relating to long term employee benefits settlement.

Y - Hyperinflation

Following the categorisation of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered highly inflationary in accordance with IFRS thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies.

Z - Future changes in accounting policies

New or amended standards and interpretations issued up to the date of issuance of the Group's financial statements, but not yet effective for 2022 financial statements, which could be applicable to the Group are listed below.

The following new standard and amendments have been issued, are not mandatory for the first time for the financial year beginning 1 January 2022, but have been endorsed by the European Union:

- **IFRS 17 'Insurance contracts' (effective 1 January 2023)**.
  This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. On 17 March 2020, IASB decided to defer effective date to annual reporting periods beginning on or after 1 January 2023. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

- **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 need 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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- **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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- **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 amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

- **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective 1 January 2023)**.
  The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2022 and have not been endorsed by the European Union:

- **Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2023)**
  It affects 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 IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 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 recognising any amount of the gain or loss that relates to the right of use it retains. Any gain and losses relating to the full or partial termination of a lease continue to be recognised when they occur as these relate to the right of use terminated and not to the right of use retained.

These amendments are expected to not have any significant impact on the financial statements.

Explanatory notes

Note 1 – Revenue

Revenue by activity

In thousands of EUR	**2021**	**2022**
Building Performance	2,099,365	2,433,598
Exteriors	648,074	682,586
Insulation	-	311,972
Industry	173,884	203,135
New Ways	50,616	82,606
Total	**2,971,939**	**3,713,897**

At the end of May 2022, Etex completed the acquisition of the thermal and acoustic insulation expert URSA. The company is a European leader in extruded polystyrene and among the top 3 for glass mineral wool; it offers an extensive range of insulation applications for building envelopes as well as internal partitions and ceilings. URSA is present in more than 20 countries. The company operates 13 production sites and covers most countries where Etex is already operating. Headquartered in Madrid, URSA brings a reliable European supply chain network and a team of over 1,700 dedicated employees.

Revenue by geographical area

In thousands of EUR	**2021**	**2022**
France	599,285	720,200
United Kingdom	433,263	512,303
Germany	292,298	381,889
Benelux	175,375	222,826
Spain	132,997	186,579
Italy	87,097	134,925
Poland	88,711	122,351
Ireland	63,762	78,480
Romania	42,531	54,919
Other Europe	222,359	279,040
Australia	147,920	207,265
Nigeria	88,743	119,697
Chile	126,788	118,669
Argentina	90,067	113,068
Peru	74,151	86,756
Colombia	72,896	89,553
Brazil	49,626	71,931
Rest of the World	184,070	213,446
Total	**2,971,939**	**3,713,897**

Note 2 – Operating segments

The Group has the following 5 strategic operating segments:

- Europe
- Latin America
- Australia
- Asia
- Africa

These operating segments are managed separately because they require different marketing strategies. The Group's chief operating decision maker reviews the internal management report of each operating segment at least quarterly. Transactions between various segments are carried out at arm's length in a manner similar to transactions with third parties. Other segments include minor business, none that met the quantitative thresholds of reportable segments in 2022 and 2021. Information related to each reportable segment is set out below.

In thousands of EUR	Europe		Latin America		Australia		Asia	
	2021	2022	2021	2022	2021	2022	2021	2022
Revenue	2,158,501	2,718,682	428,056	496,966	149,811	209,827	101,913	114,843
Operating income before non-recurring items (REBIT)	268,493	289,114	67,866	58,328	14,307	25,377	10,188	10,787
Depreciations, amortisations and impairment losses	125,290	156,580	18,844	23,351	10,675	14,266	7,632	8,526
Recurring operating cash flow (REBITDA)	**393,783**	**445,695**	**86,710**	**81,679**	**24,982**	**39,643**	**17,820**	**19,314**
Non-recurring items	-53,196	-47,396	-3,066	-4,420	-6,654	-106	-227	-757
Operating segment income (EBIT)	**215,297**	**241,719**	**64,800**	**53,909**	**7,653**	**25,271**	**9,961**	**10,031**
Capital expenditures	95,049	203,929	14,356	26,596	4,586	3,369	5,043	5,580

In thousands of EUR	Europe		Latin America		Australia		Asia	
	2021	2022	2021	2022	2021	2022	2021	2022
Segment assets	2,146,461	3,318,573	388,925	453,603	265,344	257,784	139,330	138,559
Segment Liabilities	1,167,253	1,381,507	112,736	110,024	52,950	49,564	29,076	26,013
Capital employed	1,603,705	2,511,136	224,464	261,685	217,084	222,376	108,420	99,644

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	2021	2022	2021	2022	2021	2022	2021	2022
Revenue	114,078	145,904	19,580	27,675	-	-	2,971,939	3,713,897
Operating income before non-recurring items (REBIT)	35,911	44,940	1,457	2,960	-714	-285	397,509	431,222
Depreciations, amortisations and impairment losses	4,286	4,612	632	744	4,999	5,624	172,358	213,704
Recurring operating cash flow (REBITDA)	**40,197**	**49,552**	**2,090**	**3,704**	**4,282**	**5,335**	**569,864**	**644,922**
Non-recurring items	-2,629	-2,633	-	-	-17,169	-14,916	-82,941	-70,228
Operating segment income (EBIT)	**33,283**	**42,307**	**1,457**	**2,960**	**-17,886**	**-15,205**	**314,565**	**360,990**
Capital expenditures	11,101	37,357	62	1,049	6,703	8,424	136,898	286,302

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	2021	2022	2021	2022	2021	2022	2021	2022
Segment assets	93,606	147,787	12,053	14,462	179,943	282,014	3,225,662	4,612,782
Segment Liabilities	25,920	82,122	3,101	1,744	420,524	1,154,698	1,811,560	2,805,672
Capital employed	44,462	63,837	5,565	9,906	62,760	120,021	2,266,459	3,288,605

The unallocated assets mainly relate to other assets and cash and cash equivalents. The unallocated liabilities mainly relate to financial debts and employee benefit liabilities.

Note 3 – Operating charges by nature

The Group's major operating charges by function in 2022 are as follows:

In thousands of EUR	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	**Total**
Cost of sales	-376,045	-151,566	-1,238,955	-312,812	-373,354	-182,296	-2,635,027
Distribution expenses	-225,435	-38,066	-	-649	-15,781	-125,818	-405,749
Administrative and general expenses	-131,181	-21,656	-	-793	-7,038	-66,925	-227,593
Other operating items	-15,204	-2,416	-	-94	-534	3,941	-14,307
Non-recurring items	-11,980	-16,858	-2,613	-	-	-38,776	-70,228
Total	**-759,845**	**-230,562**	**-1,241,568**	**-314,348**	**-396,707**	**-409,874**	**-3,352,903**

The Group's major operating charges by function in 2021 are as follows:

In thousands of EUR	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	**Total**
Cost of sales	-317,619	-122,990	-950,281	-194,248	-270,069	-166,025	-2,021,232
Distribution expenses	-194,827	-34,030	-	-529	-8,809	-99,456	-337,652
Administrative and general expenses	-129,740	-13,072	-	-884	-1,897	-51,463	-197,055
Other operating items	-14,655	-2,266	-	-189	-797	-582	-18,490
Non-recurring items	-18,208	-35,085	-	-	-	-29,648	-82,941
Total	**-675,049**	**-207,443**	**-950,281**	**-195,850**	**-281,573**	**-347,174**	**-2,657,371**

The Group's total personnel expenses, are made up of the following elements:

In thousands of EUR	**2021**	**2022**
Wages and salaries	-473,621	-545,986
Social security contributions	-103,695	-120,425
Contributions to defined contribution plans	-13,468	-14,072
Charges for defined benefit plans (service cost)	-37,673	-28,458
Restructuring and termination charges	-18,208	-11,980
Other employee benefits expenses	-28,384	-38,924
Total employee benefits expenses	**-675,049**	**-759,845**

The number of the Group's employees is split into the following categories:

	2021	**2022**
Production	7,705	8,576
Sales and marketing	3,265	3,744
Administration and research	1,244	1,392
Average number of personnel	**12,214**	**13,712**

Note 4 – Other operating charges and income

In thousands of EUR	**2021**	**2022**
Research	-18,950	-18,848
Other operating taxes	-842	-1,003
Government grant amortisation	475	567
Miscellaneous	827	4,977
Total other operating charges & income	**-18,490**	**-14,307**

Note 5 – Non-recurring items

In thousands of EUR	**2021**	**2022**
Gains / (losses) on disposal of assets	15,834	10,173
Gains / (losses) on disposal of businesses	-5,722	-1,369
Total gains / (losses) on disposal of assets and businesses	**10,112**	**8,804**
Restructuring costs	-18,208	-11,980
Health claims	-2,692	-776
Environmental remediation	-23,763	-24,266
Asset impairment	-8,604	-16,858
Impairment on goodwill	-26,481	-
Others	-13,307	-25,151
Total other non-recurring items	**-93,053**	**-79,032**
Non-recurring items	**-82,941**	**-70,228**

Etex has opted for a non-recurring classification of significant one-off impacts on the income statement, both positive and negative impacts relating to significant restructuring measures and business transformation, gain and losses on disposal of assets or businesses and goodwill impairments, settlements relating to post-employment liabilities or litigation not relating to current activities. Non-recurring items also include the impact of health claims and environmental remediation, as these health claims and environmental remediation impacts can fluctuate from one year to another and relate to the asbestos legacy of Etex.

The 2022 gain on disposal of assets relates to additional disposal of non-operational sites in Germany and a paint production site in France, mainly. In 2021, it related mainly to disposal of non-operational sites in Germany and unused equipment in Belgium.

In December 2022, the Group completed the disposal of Icon Plus in both Argentina and Ecuador, generating a total loss of €1,369 thousand. In 2021, the loss on disposal of business related to a business disposal in Cyprus, with Turkish lira as the entity currency, and generated by recycling of cumulated transaction adjustments from currency devaluation since the entity entered into the consolidation scope in 2011.

The asset impairment losses incurred in 2022 relate to impacted assets in Ukraine (€4,926 thousand) and Russia (€1,933 thousand) because of the Russian invasion of Ukraine, due to the bombing of the Etex plant in Bakhmut (Ukraine) and to the impact of the war on the Russian activities in Russia. The other assets impaired in 2022 are mainly: a dryer machine in France (€2,699 thousand) being replaced by a more energy-efficient one, to some poorly performing production lines/assets in the United Kingdom (€1,279 thousand), for underperforming business of New Ways in France (€4,873 thousand) and idle equipment in France (€1,053 thousand), predominantly from the closed paint facility in Vernon.

In 2021, impairment losses related to the New Ways division on goodwill (€26,481 thousand) and intangible assets (€7,005 thousand), both due to expected performance lower than initial plans in one specific segment and geography; other impairment impacts are due to idle equipment in the United Kingdom and in France (€2,127 thousand).

Restructuring charges in 2022 mainly relate to the following:

- additional provisions regarding the closure of the Bègles plasterboard-paper mill (€3,875 thousand), closed in 2021,
- site clean-up provisions related to the closed paint facility in Vernon (€1,174 thousand) prior to disposal,
- dismantling provisions related to the closure of the gypsum tile line at the Mazan site in France (€1,396 thousand),
- the remaining restructuring amount (€5,535 thousand) relates to multiple countries where measures to reduce the cost base have been initiated in 2022, mainly in Germany (€1,467 thousand), in Belgium (€1,087 thousand) and in Chile (€969 thousand).

In 2021, the following restructuring measures were implemented:

- the transfer of the underloaded paint facility in Vernon to another Etex paint production site in Germany (€8,275 thousand),
- provisions regarding the closure of the Bègles plasterboard-paper mill (€5,020 thousand),
- various and coordinated measures to reduce overhead costs that imply the re-design of commercial processes and regional functions, transformation of support functions (further re-location of shared service centre roles to Lithuania, among others) and leaner R&D and manufacturing processes (€4,913 thousand).

The health claims charges reflect marginal adjustment to the experienced and expected increase in future cost in specific geographies.

Environmental remediation charges cover various projects for which costs were exposed to renovate asbestos-containing sites and properties.

Other non-recurring charges amount to €25,151 thousand in 2022, and mainly include:

- one-off charges incurred with the acquisition of URSA (€13,353 thousand),
- the impact of ongoing re-shaping of the 3D business of New Ways in France (€5,230 thousand),
- preparation works on a non-operating site in Germany, realised with the intention to dispose (€2,949 thousand),
- inventory write-off in Ukraine after the bombing of Etex's operations in Bakhmut (€2,613 thousand),
- donation of modular houses to the area in Belgium impacted by the floods in 2021 (€1,623 thousand),
- partially offset by e-Loft compensation to reduce the net acquisition price paid in 2021, following an agreement between Etex and previous shareholders.

In 2021, other non-recurring (€13,307 thousand) charges resulted from one-off external advisors' fees and stamp duties with respect to acquisitions in 2021, expenses on non-operational assets to be disposed of, from charges incurred to transform the IT support processes within Etex and from favourable and unfavourable adjustment to litigation and post-disposal provisions.

Note 6 – Finance income and expense

In thousands of EUR	2021	2022
Interest income from receivables, deposits and cash and cash equivalents (loans and receivables)	2,210	8,491
Positive impact of change in discount rate of long term provisions	-8	2,267
Other interest related income	759	648
Interest income	**2,961**	**11,406**
Interest expense on financial liabilities measured at amortised cost	-9,003	-24,794
Net interest expense on post-employment benefits	-3,888	-4,324
Unwinding of discount long term provisions	-2	-
Negative impact of change in discount rate of long term provisions	12	-35
Other interest related charges	-1,538	-4,710
Interest expense	**-14,419**	**-33,863**
Dividend income from shares in non-consolidated companies	-	1
Net foreign exchange gains (loans and receivables)	13,862	27,496
Other	422	433
Other finance income	**14,284**	**27,930**
Net foreign exchange losses	-8,936	-16,797
Impairment of shares in non-consolidated companies	-58	-74
Hyperinflation Argentina	-9,054	-24,328
Other	-298	-843
Other finance expense	**-18,346**	**-42,042**
Net finance costs	**-15,520**	**-36,569**

The interest income from receivables, deposits and cash and cash equivalents increased mainly because of rising interest rates across all currencies in 2022.

The interest expense on financial liabilities measured at amortised cost increased because of an increasing net financial debt position due to the URSA acquisition.

The effect of the interest rate swaps hedging the Group's interest rate risk in 2022 amounts to €-453 thousand (€0 thousand paid in 2021).

The other interest related charges mainly include upfront fee expenses for €1,170 thousand (€862 thousand in 2021) in connection with external financial debt which are amortised over the duration of the loan.

Foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The net exchange gain in 2022 is the result of the Group's foreign exchange exposure in mainly Argentina and Nigeria on the current financial asset and liabilities in these countries, and the Pound Sterling financial assets / liabilities in European companies.

The impact of hyperinflation in Argentina in 2022 is €-24,328 thousand (€-9,054 thousand in 2021).

Note 7 - Income tax expense

In thousands of EUR	**2021**	**2022**
Current income tax charge for the year	-93,199	-94,841
Adjustments to current income tax of previous years	-1,162	-2,222
Current income tax expense	**-94,361**	**-97,063**
Origination and reversal of temporary differences	16,004	3,299
Net effect on deferred tax assets	3,232	-9,393
Net effect of changes in tax rates on deferred tax	-14,493	751
Deferred income tax expense	**4,743**	**-5,343**
Total income tax expense	**-89,618**	**-102,406**

The reconciliation between the effective income tax expense and the theoretical income tax expense is summarised below. The theoretical income tax expense is calculated by applying the domestic nominal tax rate of each Group entity to their contribution to the Group profit before income tax and before share of the profit in equity accounted investees.

In thousands of EUR	**2021**	**2022**
Profit before income tax, before share of profit in equity accounted investees and before share of profit from companies held for sale	**299,045**	**324,421**
Theoretical income tax expense (nominal rates)	-80,183	-87,595
Weighted average nominal tax rate %	26.8%	27.0%
Tax impact of		
Non deductible expenses	*-9,069*	*-14,003*
Tax on profit distribution inside the Group	*-3,569*	*-4,251*
Tax-free gains/losses on investments	*1,140*	*-*
Other tax deductions	*6,196*	*16,517*
Unrecognised deferred tax assets on current year losses	*-14,118*	*-12,373*
Recognition of previously unrecognised deferred tax assets	*17,893*	*7,595*
Derecognition of previously recognised deferred tax assets	*-543*	*-4,615*
Net effect of changes in tax rates on deferred tax	*-14,493*	*751*
Adjustments to prior year income tax	*-1,162*	*-2,222*
Other tax adjustments	*8,290*	*-2,210*
Income tax expense recognised in the income statement	**-89,618**	**-102,406**
Effective tax rate %	30.0%	31.6%

The recognition of previously unrecognised deferred tax assets relates mainly to the structural changes being implemented that allow the future use on tax losses carried forward.

Income tax recognised directly in equity is related to:

In thousands of EUR	**2021**	**2022**
Actuarial gains (losses) on post-employment benefit plans	-1,734	-53,776
Gains (losses) on financial instruments - cash flow hedging	-241	-31,548
Total	**-1,974**	**-85,324**

Note 8 - Property, plant and equipment

In thousands of EUR	**Land and buildings**	**Plant, machinery, equipment**	**Furniture, vehicles**	**Other property, plant, equipment**	**Under construction**	**Total**
At 31 December 2020						
Gross book value	1,005,734	2,064,355	217,226	29,232	92,203	3,408,750
Accumulated depreciation	-491,491	-1,301,746	-145,680	-23,181	-	-1,962,098
Accumulated impairment loss	-10,072	-39,962	-569	-75	-3,601	-54,279
Net book value	**504,171**	**722,647**	**70,977**	**5,976**	**88,602**	**1,392,373**
Of which leased assets	*57,578*	*25,709*	*20,636*	*274*	*-*	*104,197*
Additions	52,431	27,308	12,448	1,304	88,309	181,800
Disposals	-1,937	-616	-758	-9	-	-3,320
Acquisition of subsidiaries	82,938	55,772	3,190	517	466	142,883
Transfer between captions	16,632	15,833	568	296	-34,937	-1,608
Depreciation for the year	-36,043	-87,216	-20,354	-2,271	-	-145,884
Impairment loss of the year	-1,155	-3,134	-43	-	-59	-4,391
Reversal impairment loss	2,770	169	-	-	-	2,939
Hyperinflation - impact of the year	3,950	5,697	629	233	6,277	16,786
Translation differences	4,344	2,885	-10	-32	-714	6,473
At 31 December 2021						
Gross book value	1,174,560	2,206,267	231,130	30,938	150,782	3,793,677
Accumulated depreciation	-537,177	-1,423,502	-163,825	-24,848	-	-2,149,352
Accumulated impairment loss	-9,282	-43,420	-658	-76	-2,836	-56,272
Net book value	**628,101**	**739,345**	**66,647**	**6,014**	**147,946**	**1,588,053**
Of which leased assets	*113,346*	*24,005*	*18,896*	*449*	*-*	*156,696*
Additions	12,789	67,711	11,557	2,784	185,596	280,437
Disposals	-3,335	-342	-352	-173	-	-4,202
Acquisition of subsidiaries	89,628	142,719	7,943	4,085	15,259	259,634
Disposal of subsidiaries	-	-515	-1	1	-	-515
Transfer between captions	16,985	44,016	942	1,165	-67,939	-4,831
Depreciation of the year	-43,885	-107,109	-21,298	-3,357	-	-175,649
Impairment loss of the year	-4,436	-9,701	-317	-267	-522	-15,243
Reversal of impairment loss	53	-	-15	-	-	38
Hyperinflation - impact of the year	6,959	8,303	939	1	12,818	29,020
Translation differences	-8,137	-10,623	-627	7	-8,235	-27,615
At 31 December 2022						
Gross book value	1,345,912	2,717,364	259,637	45,917	288,216	4,657,046
Accumulated depreciation	-634,650	-1,801,184	-193,283	-35,330	-	-2,664,447
Accumulated impairment loss	-16,540	-42,376	-936	-327	-3,293	-63,472
Net book value	**694,722**	**873,804**	**65,418**	**10,260**	**284,923**	**1,929,127**
Of which leased assets	*102,637*	*25,522*	*19,084*	*370*	*-*	*147,613*

During the year several investments were made in capacity increase, productivity and in sustainability, especially in the United Kingdom, France, Nigeria, Peru and Belgium. There are some borrowing costs capitalised in 2022 for an amount of €3,975 thousand in Nigeria. No borrowing costs were capitalised in 2021.

The disposal proceeds of property, plant and equipment in 2022 amount to €4,669 thousand, resulting in a net gain of € 468 thousand. In 2021, the proceeds amounted to €4,615 thousand with a net gain of €1,296 thousand.

Acquisition of subsidiaries (€259,634 thousand) represents the impact of the acquisition projects done in 2022 as disclosed in Note 9.2 – Business combinations.

We refer to Note 9.3 for the impairment testing of capital employed.

Note 9 – Goodwill and business combinations

9.1. Reconciliation of the carrying amount of goodwill

In thousands of EUR	2021	2022
Gross book value	141,087	231,329
Accumulated impairment losses	-17,640	-33,101
Net book value at the beginning of the year	**123,447**	**198,228**
Additions through business combinations	104,410	467,296
Translation differences	-3,148	-2,892
Impairment loss of the year	-26,481	-
Net book value at the end of the year	**198,228**	**662,632**
Gross book value	231,329	696,001
Accumulated impairment losses	-33,101	-33,369

The 2022 movements result on the one hand, from the increase of the goodwill by €467,296 thousand coming from the URSA acquisition (see Note 9.2) and on the other hand from the change in translation differences (€-2,892 thousand).

In 2021, the movements were resulting on the one hand from an increase of the goodwill by €104,410 thousand from the different acquisition projects completed in 2021 in division Building Performance and New Ways (see Note 9.2), and on the other hand, there was the impairment cost of €-26,481 thousand on the e-Loft goodwill (see also Note 5 and Note 9.3). The remaining is the result of translation (€-3,148 thousand), on the Australian goodwill.

The main components of the carrying amount of goodwill are the following:

In thousands of EUR	2021	2022
Building Performance	117,459	118,223
Exteriors	11,330	11,330
Industry	27,282	27,179
Insulation	-	465,680
New Ways	42,157	40,220
Total	**198,228**	**662,632**

9.2. Business combinations

In June 2022, Etex acquired 100% of the shares of URSA, a European leader in glass mineral wool and extruded polystyrene (XPS), present in more than 20 countries based on a network of 13 production operations, for a total consideration of €675,894 thousand.

In January 2021, Etex acquired 69.40% of the shares of e-Loft, a French offsite construction company offering innovative B2C and B2B solutions in three domains: modular single-family homes, modular multi-family residential complexes and custom-designed buildings using "3D wood" technology; for a total consideration of €26,263 thousand.

In February 2021, Etex acquired 100% of the shares of Knauf Plasterboard Pty Limited, a leading player in Australia's plasterboard market, and produces plasterboards, metal profiles, plasters, compounds and more at four state-of-the-art production facilities (plasterboard plants in Victoria, New South Wales and Queensland (the last one also hosts a profile production facility); for a total consideration of €231,492 thousand.

In April 2021, Etex acquired 60% of the shares of Evolusion Innovation Group, an international multi-disciplinary engineering consultancy specialised in offsite construction with headquarters in Cork (Ireland); for a total consideration of €3,996 thousand.

In July 2021, Etex acquired 100% of the shares of Horizon Offsite, specialised in lightweight steel framing for buildings of up to five storeys, including residential structures, schools and hospitals, based in Cahir (Ireland); for a total consideration of €6,334 thousand.

In August 2021, Etex acquired 100% of the shares of Sigmat Group Ltd, the leading provider of light gauge steel framing (LGSF) in the UK, as well as one of the country's first fully integrated offsite construction companies; for a total consideration of €29,825 thousand.

The acquisition cost (including duties) for the 2022 acquisition project amounted to €9,032 thousand (€11,703 thousand in 2021).

The fair value of the identifiable assets and liabilities of the business acquired in 2022 and 2021 as at the date of acquisition is disclosed in the following table:

In thousands of EUR	Australian plasterboard business	e-Loft	Evolusion Innovation Group	Horizon	Sigmat Group	2021	2022 URSA
Non-current assets	**181,468**	**13,847**	**853**	**2,878**	**41,432**	**240,478**	**452,726**
Property, plant and equipment	127,154	5,998	456	654	8,621	142,883	260,209
Property, plant and equipment - owned	120,398	1,586	169	555	4,043	126,751	249,273
Property, plant and equipment - leased	6,756	4,412	287	99	4,578	16,132	10,936
Assets held for sale	-	-	-	-	-	-	56
Intangible assets	49,184	7,826	397	2,207	32,811	92,425	174,886
Other non-current assets	-	23	-	-	-	23	604
Deferred tax assets	5,130	-	-	17	-	5,147	16,960
Employee benefits assets	-	-	-	-	-	-	11
Current assets	**55,336**	**7,777**	**2,687**	**4,214**	**13,075**	**83,089**	**287,017**
Inventories	16,598	1,424	227	1,313	1,798	21,360	66,202
Trade and other receivables	19,170	5,818	1,041	1,009	6,749	33,787	38,490
Current financial assets	164	-	-	-	-	164	597
Assets held for sale	-	-	-	-	-	-	110,994
Cash and cash equivalents	19,404	535	1,419	1,892	4,528	27,778	70,734
TOTAL ASSETS	**236,804**	**21,624**	**3,540**	**7,092**	**54,507**	**323,567**	**739,743**
Non-current liabilities	**26,745**	**12,355**	**386**	**552**	**48,908**	**88,946**	**378,988**
Provisions	1,598	7	-	-	-	1,605	5,690
Employee benefits liabilities	1,800	-	-	-	-	1,800	4,453
Loans and borrowings	6,894	10,442	336	272	40,417	58,361	298,281
of which leasing	*6,893*	*4,412*	*287*	*272*	*3,716*	*15,580*	*10,936*
Deferred tax liabilities	16,453	1,906	50	263	8,491	27,163	67,579
Other non-current liabilities	-	-	-	17	-	17	2,985
Current liabilities	**18,135**	**9,581**	**796**	**2,667**	**8,794**	**39,973**	**152,157**
Current portion of loans and borrowings	-	-	-	-	-	-	15,144
Trade and other liabilities	18,135	9,581	796	2,667	8,794	39,973	125,313
Liabilities held for sale	-	-	-	-	-	-	11,700
TOTAL LIABILITIES	**44,880**	**21,936**	**1,182**	**3,219**	**57,702**	**128,919**	**531,145**
Net identifiable assets and liabilities	**191,924**	**-312**	**2,358**	**3,873**	**-3,195**	**194,648**	**208,598**
Group share	191,924	-217	1,415	3,873	-3,195	193,800	208,598
Non-controlling interests	-	-95	943	-	-	848	-
Acquisition price satisfied in cash (Group share)	**231,492**	**26,263**	**3,996**	**6,634**	**29,825**	**298,210**	**675,894**
Goodwill generated	39,568	26,481	2,580	2,761	33,021	104,410	467,296

The goodwill generated by the acquisitions is explained by the synergies expected from the transactions. As a part of the net asset valuation was not finalised, the disclosed goodwill is only provisional.

The revenue and net result Group share contribution to the 2022 consolidated income statement of the acquired URSA businesses amount to, respectively, €311,972 thousand and €16,023 thousand.

The revenue and net result of the period (Group share) of the combined entities acquired during 2022 as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period amount to, respectively, €553,731 thousand and €51,007 thousand.

9.3 Acquisitions on non-controlling interests

Within the share purchase agreements of the acquisitions project Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At year-end 2022 the call/put option was measured at fair value and qualified as a financial liability amounting to €3,791 thousand. We also refer to Note 24 – Loans and borrowings.

9.4 Impairment testing of goodwill and capital employed

Impairment reviews were performed in 2022, by comparing the carrying value of capital employed including goodwill with the recoverable amount of the cash-generating unit to which goodwill has been allocated.

The capital employed and goodwill values tested in the global cash-generating unit Building Performance include the goodwill generated by the acquisition of the plasterboard business in Europe and in Brazil in 2011, of Pladur in 2017 and of the technical construction business, at the time part of the Fire Protection and Insulation business, generated by the acquisition of Comais (1996, calcium silicate boards), Intumex (2000, intumescent products) and Cafco (2007, paint and spray) as allocated in 2017 between the Etex Building Performance and the Etex Industry divisions. It also includes a portion of the goodwill impact of the 2020 acquisition of FSi Limited (passive fire protection) and the goodwill generated by the acquisition of Knauf Plasterboard Pty Limited in Australia (2021).

Etex Industry capital employed value, consistently tested as a whole, includes the above-mentioned goodwill values and the impact of the acquisition of Microtherm (2011, high performance insulation) and a portion of the goodwill impact of the 2020 acquisition of FSi Limited (passive fire protection).

The global cash-generating unit for Etex Exteriors was tested: it covers the fibre-cement façade and roofing business in Europe and in the Americas and was tested for impairment on its capital employed including goodwill, mainly relating to the acquisition of business in Nordic countries (2008).

Etex New Ways capital employed value, to be consistently tested as a whole, included the goodwill generated by the acquisition of EOS (2016) and the acquisition of Evolusion Innovation Group, Horizon Offsite and the Sigmat Group (all in 2021). Within Etex New Ways, the specific capital employed of e-Loft was tested separately due to the lack of integration, for the time being, with the New Ways business in the United Kingdom and in Ireland, predominantly 2-dimension steel, while e-Loft is active on the French market specifically in the 3-dimension wood offering. In 2021, e-Loft required an impairment with respect to goodwill value and most of the value of its intangible assets (€33,486 thousand out of which €26,481 thousand relates to goodwill). In 2022, based on most recent estimates of future cash flows, an additional impairment on fixed assets was booked amounting to €4,873 thousand.

The capital employed and goodwill values tested in the global cash-generating unit Insulation include the goodwill generated by the acquisition of the URSA insulation business in 2022.

The recoverable amount of the cash-generating units Etex Building Performance, Exteriors, Industry, New Ways and Insulation was based on its value in use and exceeds the values of their respective capital employed, except on the e-Loft business within New Ways in 2021, as described above. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- cash flows were projected based on actual operating results and the 3-year business plan,
- cash flows for further periods were extrapolated using a constant growth rate of 3.0% per annum (1.3 % to 3.0% in 2021, depending on the countries involved and their inflation),
- cash flows were discounted using the weighted average cost of capital (WACC) in a range of 8.83% to 13.08% depending on the countries involved (6.79% to 10.25% in 2021).

In connection with the impairment testing process on the capital employed including goodwill, the future cash flows were subjected to a sensitivity analysis that included changes in individual macroeconomic parameters. Goodwill values are not sensitive to reasonable changes in assumptions (such as an increase of WACC by 1%).

Etex management will closely monitor the impact of macro-economic evolution, including the potential impact of raw material and energy prices, the current war between Russia and Ukraine and potential disruptions linked to new COVID-19 variants.

Note 10 – Intangible assets other than goodwill

In thousands of EUR	Concessions	Software	Brands	Technology	Customer list	Others	Total
At 31 December 2020							
Gross book value	71,310	106,852	99,874	73,710	73,963	11,652	437,361
Accumulated amortisation	-7,327	-81,651	-60,916	-40,988	-33,817	-6,707	-231,406
Accumulated impairment losses	-8,078	-225	-	-	-868	-	-9,171
Net book value	**55,905**	**24,976**	**38,958**	**32,722**	**39,278**	**4,945**	**196,784**
Additions	252	2,708	-	487	-	12,125	15,572
Disposals	-1,860	322	-	-	-2	-3,299	-4,839
Acquisition of subsidiaries	742	573	16,143	7,710	63,082	4,175	92,425
Disposal of subsidiaries	-156	-	-	-	-	-1	-157
Transfer between captions	409	1,608	-	-409	-	-	1,608
Amortisation for the year	-199	-6,853	-6,565	-4,646	-7,959	-505	-26,727
Impairment loss of the year	-	28	-7,005	-	-	-	-6,977
Hyperinflation - impact of the year	-	3	-	-	-	-	3
Translation differences	191	55	753	370	1,199	275	2,843
At 31 December 2021							
Gross book value	77,313	111,698	117,717	82,624	138,649	25,628	553,629
Accumulated amortisation	-15,956	-88,077	-68,428	-46,390	-42,114	-7,913	-268,878
Accumulated impairment losses	-6,073	-201	-7,005	-	-937	-	-14,216
Net book value	**55,284**	**23,420**	**42,284**	**36,234**	**95,598**	**17,715**	**270,535**
Additions	-	1,276	-	36	-	19,570	20,882
Disposals	-	-3	2	-	-2	-14,902	-14,905
Acquisition of subsidiaries	74	957	84,018	-	78,278	11,175	174,502
Disposal of subsidiaries	-	-8	-	-	-	-5	-13
Transfer between captions	4	3,169	-	20	-	175	3,368
Amortisation for the year	-237	-7,466	-9,852	-4,772	-12,217	-2,770	-37,314
Impairment loss of the year	-81	-2,389	-	-	-	-15	-2,485
Translation differences	51	57	-882	-497	-1,651	-385	-3,307
At 31 December 2022							
Gross book value	80,431	120,605	199,885	81,788	215,111	59,929	757,749
Accumulated amortisation	-19,182	-99,450	-77,310	-50,767	-54,064	-29,356	-330,129
Accumulated impairment losses	-6,154	-2,142	-7,005	-	-1,041	-15	-16,357
Net book value	**55,095**	**19,013**	**115,570**	**31,021**	**160,006**	**30,558**	**411,263**

The other additions amounting to €19,570 thousand mainly relate to the acquisition of emission rights (€18,111 thousand).

The acquisition of subsidiaries (€174,502 thousand) represents the impact of the acquisition projects done in 2022 as disclosed in Note 9.2 – Business combinations.

We refer to Note 9.4 for the impairment testing of capital employed.

Note 11 – Investment properties

In thousands of EUR	2021	2022
Gross book value	34,126	25,720
Accumulated depreciation	-12,477	-9,352
Accumulated impairment losses	-8,280	-5,842
Net book value at the beginning of the year	**13,369**	**10,526**
Depreciation for the year	-113	-39
Reversal of impairment losses	191	144
Transfer between captions	-683	1,463
Disposals	-2,426	-
Hyperinflation - impact of the year	250	677
Translation differences	-62	-537
Net book value at the end of the year	**10,526**	**12,234**
Gross book value	25,720	27,608
Accumulated depreciation	-9,352	-9,676
Accumulated impairment losses	-5,842	-5,698

Investment properties comprise several pieces of land and buildings, mainly in France, Italy, Germany and Nigeria. In 2022 the transfer between captions concerns Nigerian assets, previously shown as 'property, plant & equipment' (gross carrying amount of €1,498 thousand and accumulated depreciation for €-36 thousand). In 2021 the disposal amounting to €-2,426 thousand mainly related to investment properties in Germany, sold for a consideration of €16,486 thousand.

The fair value of the investment properties is estimated at €18,583 thousand (€18,420 thousand in 2021). Where external valuations were not available, best estimates have been used.

Note 12 – Assets and liabilities held for sale

	2021		2022	
In thousands of EUR	Assets	Liabilities	Assets	Liabilities
Gross book value	11,078	-	11,485	-
Accumulated impairment losses	-5,617	-	-4,975	-
Net book value at the beginning of the year	**5,461**	**-**	**6,510**	**-**
Result of the year	-	-	6,635	-
Impairment losses	-	-	-14	-
Disposals	-443	-	-1,346	-
Additions	842	-	13	-
Acquisition of subsidiaries	-	-	111,050	11,700
Transfer between captions	683	-	-	-
Translation differences	-34	-	-15,507	-2,806
Net book value at the end of the year	**6,509**	**-**	**107,340**	**8,894**
Gross book value	11,485	-	111,568	8,894
Accumulated impairment losses	-4,976	-	-4,228	-
Non-current at the end of the period	**6,509**	**-**	**5,213**	**-**
Current at the end of the period	**-**	**-**	**102,127**	**8,894**

For 2022 and 2021 the non-current assets held for sale are mainly lands, buildings and machines that are not used in operations and for which the Group is actively looking for a buyer. Most of these assets are located in Spain and Germany.

In 2022, some non-current assets held for sale located in Germany and Spain were disposed of a total consideration paid of €8,218 thousand, resulting in a gain on disposal of €6,861 thousand.
For 2022 the current assets and liabilities held for sale, and the acquisition of subsidiaries, are linked to the acquired assets and liabilities of URSA Eurasia within the total acquisition of the URSA insulation activities. We also refer to Note 9.

The transfer between captions for 2021 (€683 thousand) is the net of transferred assets with a gross carrying amount of €727 thousand and accumulated depreciation for €-44 thousand from 'Investment property'.

Note 13 – Investments in equity accounted entities

In thousands of EUR	2021	2022
At the beginning of the year	**18,024**	**11,105**
Result for the year	-11,009	-10,247
Dividends paid	-1,222	-887
Disposal	-	-887
Capital increases	3,245	5,565
Cumulative translation adjustments	2,067	1,490
At the end of the year	**11,105**	**6,140**

In 2022 and 2021 the Group's share of the capital increase in E2E (Chilean joint venture) equaled respectively €5,565 thousand and €4,814 thousand. In 2022, the net equities of E2E and Tecverde were impaired (€-5,717 thousand); this is embedded in the result of the year amounting to €-10,247 thousand.

In 2021 a portion of the Tecverde (Brazilian joint venture) goodwill was impaired (€-3,985 thousand); this is embedded in the result of the year amounting to €-11,009 thousand.

The 2022 disposal value represents the sale of EBS Argentina (€-887 thousand) for a total consideration of €93 thousand.

Summarised financial information of investments in equity accounted entities (Group share):

In thousands of EUR	2021	2022
Property plant and equipment	5,639	5,257
Other non-current assets	763	1,446
Current assets	18,722	9,612
Non-current liabilities	-2,958	-3,263
Current liabilities	-11,061	-6,912
Total net assets	**11,105**	**6,140**
Revenue	18,910	27,366
Operating income	-3,775	-4,169
Profit after tax	-11,009	-10,247

Transactions between the Group and equity accounted entities can be summarised as follows:

In thousands of EUR	2021	2022
Transactions		
Sales to associates	4,999	5,288
Dividends paid	1,222	887
Outstanding balances		
Trade receivables	885	-
Other current receivables	-	1,183
Trade liabilities	6	-

Note 14 – Other non-current assets

In thousands of EUR	2021	2022
Trade and other receivables	*3,495*	*4,206*
Impairment on trade and other receivables	*-1,196*	*-1,494*
Net trade and other receivables	2,299	2,712
Derivative financial instruments with positive fair value	-	107,374
Available-for-sale investments	*648*	*675*
Impairment on available-for-sale investments	*-126*	*-128*
Net available-for-sale investments	522	547
Loans granted	2,290	3,635
Total	**5,111**	**114,268**

The non-current available-for-sale investments include unquoted equity instruments that are measured at cost for €547 thousand as their fair value cannot be measured reliably (€522 thousand in 2021).

The derivative financial instruments are mainly comprised of the interest rate swap hedge contracts in view of the Group's interest risk exposure. We also refer to Note 17.

Note 15 – Trade and other receivables and Other current assets

Current trade and other receivables

In thousands of EUR	2021	2022
Trade receivables	*267,312*	*327,183*
Impairment on trade receivables	*-15,152*	*-17,226*
Trade receivables	252,160	309,957
Other receivables	87,835	120,996
Total	**339,995**	**430,953**

At 31 December 2022, an amount of €258.5 million (€167.3 million in 2021) has been received in cash under various non-recourse factoring and credit insurance programmes, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. Continuing involvement for late payment risk is not significant. The net amount of sold trade receivables is derecognised from the balance sheet.

Other receivables are mainly composed of:

In thousands of EUR	2021	2022
Income taxes recoverable	23,732	22,758
Other taxes recoverable	36,861	40,659
Derivative financial instruments with positive fair values	476	19,505
Prepaid charges and accrued income	4,832	5,327
Advances due from customers for contracts in progress	7,937	9,035
Advances to personnel	3,596	2,790
Others	10,401	20,922
Total	**87,835**	**120,996**

The derivative financial instrument amounts to €19,505 thousand, and represents the change in the fair value of the hedge contracts.

The 'advances due from customers for contracts in progress' increased because of the construction contracts in division New Ways. The amount of revenue recognised from construction contracts over time is in the range of 2% of total sales. Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to €37,448 thousand; out of which €35,129 thousand is expected to be recognised during 2023, while the remaining amount of €2,319 thousand is expected to be recognised during the periods from 2024 and onwards based on open contracts as per 31 December 2022 for which revenue recognition started during 2022 or prior periods.

Exposure to credit risk – impairment losses

The ageing of trade and other receivables at reporting date was as follows:

In thousands of EUR	2021	2022
Neither impaired nor past due at reporting date	432,499	611,395
Not impaired at reporting date and past due	74,821	78,071
Up to 30 days	*53,427*	*55,176*
Between 31 and 60 days	*15,405*	*11,093*
Between 61 and 90 days	*-735*	*2,031*
Between 91 and 120 days	*1,484*	*2,156*
Between 121 and 150 days	*448*	*3,435*
More than 150 days	*4,792*	*4,180*
Non-recourse factoring	*-167,325*	*-258,513*
Net carrying amount at the end of the year	**339,995**	**430,953**

The Group applied the IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group analysed the impact of IFRS 9 and concluded there is no material impact on the impairment losses booked. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impacts.

The movement in the allowance for impairment of current trade and other receivables was as follows:

In thousands of EUR	2021	2022
Allowances at the beginning of the year	**-16,660**	**-15,152**
Additions	-2,812	-303
Use	2,403	143
Reversal	2,755	1,687
Change in the scope of consolidation	-838	-3,601
Allowances at the end of the year	**-15,152**	**-17,226**

Other current assets

In thousands of EUR	2021	2022
Available-for-sale investments	775	2,200
Deposits and debt linked investments	40,543	79,252
Total	**41,318**	**81,452**

Deposits and debt linked investments include mainly investments in dollar linked bonds in Argentina for a total amount of €63,463 thousand in 2022 (€39,344 thousand in 2021).

Note 16 – Inventories

The different types of inventories are detailed below:

In thousands of EUR	2021	2022
Raw materials	149,645	193,425
Work in progress	30,734	36,458
Finished goods	174,614	207,224
Spare parts and consumables	72,574	77,772
Goods purchased for resale	28,057	34,479
Write-downs to net realisable value	-30,405	-35,327
Total	**425,219**	**514,031**

In 2022, the Group recognised inventory write-downs to net realisable value of €-13,193 thousand (€-9,730 thousand in 2021) as an expense, and a reversal of prior year write-downs amounting to €10,078 thousand (€15,098 thousand in 2021) as income. Reversals of write-downs without impact on the income statement amounted to €371 thousand (€218 thousand in 2021), mainly due to foreign currency conversions.

The 2022 net impact of scope changes on the total inventory equaled €65,893 thousand; with an impact on the gross carrying amount of €68,071 thousand, and €-2,178 thousand on the write-downs to net realisable value.

Note 17 – Risk management and financial derivatives

17.1 Risk management

A. Market risk

Exposure to currency risk

Around 49% of the Group's revenue is generated by subsidiaries with a functional currency other than the Euro (51% in 2021). The Group has its main foreign exchange exposure in the following foreign currencies: Argentinean peso, Australian dollar, Chilean peso, Colombian peso, Nigerian naira, Peruvian nuevo sol and Pound sterling.

Translation currency sensitivity analysis

On the basis of the volatility of these currencies against the Euro in 2022, the reasonably possible change of the exchange rate of these currencies against the Euro is estimated as follows:

				Rates used for sensitivity analysis	
	Closing rate 31 December 2022	**Average rate 2022**	**Possible volatility of rates in %**	**Range of possible closing rates 31 December 2022**	**Range of possible average rates 2022**
Argentinean peso	189.9155	189.9155	22	147.7524 - 232.0786	147.7524 - 232.0786
Australian dollar	1.5693	1.5167	10	1.418 - 1.7206	1.3705 - 1.6629
Chilean peso (000)	0.9160	0.9177	18	0.7512 - 1.0807	0.7527 - 1.0827
Colombian peso (000)	5.1306	4.4751	19	4.144 - 6.1171	3.6146 - 5.3355
Nigerian naira	493.4692	449.3027	6	462.9185 - 524.0199	421.4863 - 477.119
Peruvian nuevo sol	4.3600	4.0374	11	3.8883 - 4.8317	3.6006 - 4.4742
Pound sterling	0.8869	0.8529	7	0.8217 - 0.9522	0.7901 - 0.9157

As a comparison, the reasonably possible change of the exchange rate of these currencies against the Euro was estimated as follows for 2021:

				Rates used for sensitivity analysis	
	Closing rate 31 December 2021	**Average rate 2021**	**Possible volatility of rates in %**	**Range of possible closing rates 31 December 2021**	**Range of possible average rates 2021**
Argentinean peso	116.3715	116.3715	22	90.9909 - 141.7521	90.9909 - 141.7521
Australian dollar	1.5615	1.5750	9	1.4233 - 1.6997	1.4356 - 1.7143
Chilean peso (000)	0.9556	0.8984	14	0.8213 - 1.09	0.7721 - 1.0247
Colombian peso (000)	4.6328	4.4286	15	3.9346 - 5.3309	3.7612 - 5.096
Nigerian naira	480.3470	484.1108	7	445.9061 - 514.7879	449.4001 - 518.8216
Peruvian nuevo sol	4.8460	4.5914	10	4.3692 - 5.3228	4.1396 - 5.0432
Pound sterling	0.8403	0.8597	6	0.7911 - 0.8894	0.8094 - 0.91

If the Euro had weakened or strengthened during 2022 by the above estimated possible changes against the listed currencies with all other variables held constant, the 2022 profit would have been €11,819 thousand (5%) higher or €9,314 thousand (-4%) lower while equity would have been €144,034 thousand (8%) higher or €110,264 thousand (-6%) lower. In 2021, if the Euro had weakened or strengthened the profit would have been €12,232 thousand (6%) higher or €9,440 thousand (-4%) lower while equity would have been €101,432 thousand (7%) higher or €79,704 thousand (-6%) lower.

In thousands of EUR				**2022**
	If euro weakens		**If euro strengthens**	
	Profit	**Equity**	**Profit**	**Equity**
Argentinean peso	1,476	27,681	-939	-17,622
Australian dollar	1,739	26,097	-1,433	-21,507
Chilean peso	1,719	26,501	-1,195	-18,421
Colombian peso	1,016	9,213	-688	-6,241
Nigerian naira	1,176	2,813	-1,039	-2,485
Peruvian nuevo sol	528	11,568	-425	-9,309
Pound sterling	4,165	40,161	-3,595	-34,679
Total	**11,819**	**144,034**	**-9,314**	**-110,264**

In thousands of EUR				**2021**
	If euro weakens		**If euro strengthens**	
	Profit	**Equity**	**Profit**	**Equity**
Argentinean peso	3,168	21,672	-2,034	-13,911
Australian dollar	-5	22,330	5	-18,699
Chilean peso	3,356	16,340	-2,529	-12,314
Colombian peso	718	6,873	-530	-5,073
Nigerian naira	1,393	3,051	-1,207	-2,643
Peruvian nuevo sol	859	9,218	-705	-7,567
Pound sterling	2,743	21,948	-2,440	-19,497
Total	**12,232**	**101,432**	**-9,440**	**-79,704**

Interest rate sensitivity analysis

At the end of 2022, €842,215 thousand or 64% of the Group's interest bearing financial liabilities, before offset of any surplus cash, bear a variable interest rate (€176,808 thousand or 39% at the end of 2021). This floating debt portion consists of debt instruments almost exclusively denominated in Euro apart from €31,667 thousand that is denominated in Pound sterling (€21,976 thousand in 2021) and € 2,017 thousand denominated in other currencies (predominantly Polish Zloty).

The total interest expense recognised in the 2022 income statement on the Group's variable rate debt portion, net of the effect of interest rate derivative instruments, amounts to €15,039 thousand (€2,140 thousand in 2021). The total interest expense recognised on the fixed rate portion amounts to €4,162 thousand (€2,641 thousand in 2021).

The reasonably possible change of the market interest rates applicable to the Group's floating rate debt after hedging is as follows:

			Rates used for sensitivity analysis
	Rates at 31 December 2022	Possible volatility of rates	Possible rates at 31 December 2022
Australian dollar	3.37%	-1.89% - 2.26%	1.48% -5.63%
Euro	2.13%	-0.92% - 1.86%	1.21% - 3.99%
Pound sterling	3.87%	-2.01% - 1.87%	1.86% -5.74%
Polish Zloty	6.82%	-3.48% - 1.38%	3.34% -8.2%

			Rates used for sensitivity analysis
	Rates at 31 December 2021	Possible volatility of rates	Possible rates at 31 December 2021
Australian dollar	-0.04%	-0.19% - 0.37%	-0.23% -0.33%
Euro	-0.57%	-0.06% - 0.02%	-0.63% - -0.55%
Pound sterling	0.26%	-0.06% - 0.17%	0.2% -0.43%
Polish Zloty	2.34%	-0.34% - 1.99%	2% -4.33%

Application of the reasonably possible fluctuations in the market interest rates mentioned above on the Group's floating rate debt at 31 December 2022, with all other variables held constant and net of the effect of interest rate derivative instruments, would result in a decrease of the 2022 profit by €5,228 thousand and an increase of €2,963 thousand (a decrease of €68 thousand and an increase of €106 thousand in 2021).

Cash and cash equivalents in Euro of €71,531 thousand (€ 32,018 thousand in 2021), Pound sterling balances of €127,576 thousand (€118,211 thousand in 2021), US dollar €111,281 thousand (€ 100,798 thousand in 2021) and Australian dollar balances of €40,898 thousand (€32,122 thousand in 2021) generate interest that would partially offset any variations in interest payable. The cash pool balances are monthly netted (in euro).

For 2022, the fair value volatility of the Group's interest rate hedging contracts determined by:

- The 'dollar value' method shows that if the euro yield curve makes a parallel shift upward of 0.01%, then the fair value of the Group's interest rate hedging contracts would increase in value by approximately €517 thousand.
- The 'historical value at risk' method shows that based on historical volatility over the last year, the fair value of the Group's interest rate hedging contracts could suffer a maximum potential value decrease (95% confidence interval) of €6.5 million in one day, €35.8 million in 1 month and €62.7 million in 3 months.

There was no interest rate hedging in 2021.

The Group assessed the impact of the Interest Benchmark Reform and concluded that there is not any significant impact on historical, current and forward- looking financial information.

B. Credit risk

At the reporting date the exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position (refer to Note 11 for investments, Note 15 for trade and other receivables, and Note 18 for cash and cash equivalents).

C. Funding and long term liquidity risk

Maturity schedule

At 31 December 2022 the contractual maturities of financial liabilities, including interest payments, are the following:

In thousands of EUR	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans	974,871	1,282,650	163,130	45,568	560,008	513,944
Other financial loans	192,618	195,213	187,515	1,879	5,586	233
Obligations under leases	151,425	219,946	30,159	24,185	32,574	133,028
Trade and other liabilities	949,287	936,275	936,195	69	11	-
Derivative financial liabilities						
Interest rate swaps	-	-	-	-	-	-
Foreign exchange contracts	650	650	650	-	-	-
Total	**2,268,851**	**2,634,734**	**1,317,649**	**71,701**	**598,179**	**647,205**

Bank loans are shown according to their contractual maturity date, rather than their interest and roll-over date.

At 31 December 2021 the contractual maturities of financial liabilities, including interest payments, were the following:

In thousands of EUR	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans	118,968	121,801	5,413	115,937	451	-
Other financial loans	179,540	180,983	169,709	4,096	7,153	25
Obligations under leases	159,105	234,891	26,828	24,853	41,103	142,107
Trade and other liabilities	749,755	736,752	736,733	19	-	-
Derivative financial liabilities						
Interest rate swaps	-	-	-	-	-	-
Foreign exchange contracts	2,332	2,332	2,332	-	-	-
Total	**1,209,700**	**1,276,759**	**941,015**	**144,905**	**48,707**	**142,132**

D. Capital risk

The Group monitors capital using the debt covenant specifications as outlined in the syndicated credit facility loan agreements and the Schuldschein loans (more details in Note 24). The Group targets to maintain a debt covenant ratio between 1.5 and 2.5 on the long term. The adjusted net financial debt (for covenant purposes) to recurring EBITDA ratio amounts to 1.32 at 31 December 2022 (0.10 at 31 December 2021), well below the lowest covenant of 3.25. The net cash interest to recurring EBITDA ratio amounts to 54.89 at 31 December 2022 (155.88 at 31 December 2021), well above the covenant of 4.

17.2 Financial derivatives

The Group uses derivative financial instruments to hedge its exposure to currency risk, commodity prices and interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. All derivatives are measured at fair value, except when own use exemption is applied.

The following table provides an overview of the outstanding derivative financial instruments at 31 December:

	2021		2022	
In thousands of EUR	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Foreign exchange contracts				
Assets	365	365	1,514	1,514
Liabilities	-2,332	-2,332	-650	-650
Commodity contracts				
Assets	111	111	-	-
Liabilities	-	-	-	-
Interest rate swaps				
Assets	-	-	125,365	125,365
Liabilities	-	-	-	-
Total	**-1,856**	**-1,856**	**126,228**	**126,228**

The following table indicates in which caption of total comprehensive income, the changes in fair value of the derivative financial instruments outstanding at 31 December 2022, have been recognised:

	Profit for the year				
In thousands of EUR	**Cost of sales**	**Interest expense**	**Other financial income**	**Other financial charges**	**Other comprehensive income**
Foreign exchange contracts					
Assets	-42	-	-	-	1,191
Liabilities	306	-	-	-	1,376
Commodity contracts					
Assets	-	-	-	-	-111
Liabilities	-	-	-	-	-
Interest rate swaps					
Assets	-	-	-	-	125,365
Liabilities	-	-	-	-	-
Total	**264**	**-**	**-**	**-**	**127,821**

A. Cash flow hedges

At 31 December 2022, the Group held forward exchange contracts designated as hedges of expected future raw material purchases from suppliers for purchases denominated in US Dollar and Japanese Yen, of expected future sales denominated in Polish Zloty, and of expected future purchases denominated in Euro by companies whose functional currency is the British Pound and the Polish Zloty.

During 2022, the Group had interest rate swap agreements in place with a total nominal amount of €1,061,000 thousand whereby it received a variable interest rate based on Euribor three or six months, as the case may be, and pays a fixed rate on the notional amount. The swaps are being used to hedge the exposure to interest rate risk on its existing floating debt and any highly probable future debt issuance. The floating rate debt and the interest rate swaps had similar critical terms. In 2021 the Group had no interest rate swap agreement in place.

The Group did not recognise any ineffectiveness in 2022 and 2021.

The following tables indicate the period in which the undiscounted cash flows are or were expected to occur. This is the same period as the period in which the cash flows are expected to impact the income statement (cost of sales if relating to forward exchange contracts covering sales and purchases in foreign currencies and the commodity swap agreements, and interest expense if concerning interest rate swaps).

At 31 December 2022:

In thousands of EUR	**Carrying amount**	**Total expected cash flows**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Foreign currency						
Foreign exchange contracts						
Assets	*1,205*	*1,205*	*619*	*586*	-	-
Liabilities	*-333*	*-333*	*-333*	-	-	-
Interest rate						
Interest rate swaps						
Assets	*125,365*	*138,974*	*18,954*	*26,272*	*59,177*	*34,571*
Liabilities	-	-	-	-	-	-

At 31 December 2021:

In thousands of EUR	**Carrying amount**	**Total expected cash flows**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Foreign currency						
Foreign exchange contracts						
Assets	*67*	*67*	*67*	-	-	-
Liabilities	*-1,734*	*-1,734*	*-1,734*	-	-	-
Commodity contracts						
Commodity contracts						
Assets	*111*	*111*	*111*	-	-	-
Liabilities	-	-	-	-	-	-

B. Derivatives without hedging relationship

Certain derivative transactions, while providing effective hedges under the Group's risk management policy, may not qualify for hedge accounting due to the complexity of the instruments. There are no such derivative transactions in 2022.

17.3 Financial instruments – fair values

Fair values of the financial assets and liabilities approximate their carrying amounts.

In thousands of EUR	**2021**	**2022**
Assets	**588,924**	**832,711**
Other non-current assets	5,111	114,268
Trade and other receivables (loans and receivables)	*2,299*	*2,712*
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	*64*
Derivatives – used for hedging (cash flow hedging)	-	*107,310*
Loans (loans and receivables)	*2,290*	*3,635*
Bonds (available-for-sale)	*519*	*544*
Other	*3*	*3*
Trade and other receivables	339,995	430,953
Trade and other receivables (loans and receivables)	*339,519*	*411,448*
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	*298*	*245*
Derivatives – used for hedging (cash flow hedging)	*178*	*19,260*
Other current assets	41,318	81,452
Current financial assets – deposits (loans and receivables)	*40,543*	*79,252*
Shares (available-for-sale)	*775*	*2,200*
Cash and cash equivalents (loans and receivables)	202,500	206,038
Liabilities	**1,209,700**	**2,268,851**
Financial liabilities (liabilities at amortised cost)	256,851	1,072,297
Other non-current liabilities	12,117	13,092
Other non-current liabilities (liabilities at amortised cost)	*12,117*	*13,092*
Current portion of financial liabilities (liabilities at amortised cost)	200,762	246,617
Trade and other liabilities	739,970	936,845
Trade and other payables (liabilities at amortised cost)	*737,638*	*936,195*
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	*598*	*317*
Derivatives – used for hedging (cash flow hedging)	*1,734*	*333*

Unquoted equity instruments are measured either at fair value using a valuation technique or at cost. Further explanation is provided in Note 13.

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market interest rate at reporting date.

The fair value of forward exchange contracts and the commodity swap agreements is based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at reporting date.

The fair value of interest bearing loans and borrowings has been calculated by discounting the expected future cash flows (principal and interest cash flows) at prevailing interest rates at reporting date.

Fair value hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant impact on the recorded fair value that are not based on observable market data.

2022

In thousands of EUR	Level 1	Level 2	Level 3
Assets measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	309	-
Derivatives – used for hedging (cash flow hedging)	-	126,570	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	317	-
Derivatives – used for hedging (cash flow hedging)	-	333	-

During 2022 and 2021 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

2021

In thousands of EUR	Level 1	Level 2	Level 3
Assets measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	298	-
Derivatives – used for hedging (cash flow hedging)	-	178	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	598	-
Derivatives – used for hedging (cash flow hedging)	-	1,734	-

As stated in Note 12, assets held for sale were measured at the lower of carrying amount and fair value less costs to sell in 2022 and 2021 since no observable fair value could be obtained. The investment properties were measured at amortised costs; we refer to Note 11.

Note 18 – Cash and cash equivalents

Cash and cash equivalents per end of the year remains flat with prior year. We also refer to the Consolidated statement of cash flows, Note 9 'Goodwill and Business Combinations' and Note 24 'Loans & borrowings' for further explanation. The different types of cash and cash equivalents are detailed below:

In thousands of EUR	2021	2022
Cash on hand and bank deposits	198,167	203,791
Short-term deposits (less than three months)	4,333	2,247
Total	**202,500**	**206,038**

Note 19 – Equity

Ordinary shares

The issued share capital (share premium included) of Etex N.V. amounted to €3,276 thousand at 31 December 2022. It is represented by 82,837,819 fully paid ordinary shares without par value.

	2021	2022
At the beginning of the year	**82,837,819**	**82,837,819**
Movement of the year	-	-
At the end of the year	**82,837,819**	**82,837,819**

Treasury shares

At 31 December 2022 the Group owned 4,673,495 ordinary shares representing 5.64% of the total number of ordinary shares.

	2021	2022
At the beginning of the year	**4,673,495**	**4,673,495**
Movement of the year	-	-
At the end of the year	**4,673,495**	**4,673,495**

Dividend

The 2022 dividend will be proposed for approval at the General Shareholders' Meeting of Etex N.V. on 24 May 2023 (after issuance of the financial statements) and will amount to €0.93 per share representing a total dividend of €72,693 thousand.

In 2022, a dividend of €65,658 thousand was paid out based on the decision of the General Shareholders' Meeting of Etex N.V. on 25 May 2022 to allocate a dividend of €0.84 per share.

	Number of shares	EUR/share	Dividend in EUR
Ordinary shares	82,837,819	0.84	69,583,768
Treasury shares	-4,673,495	0.84	-3,925,736
Dividend paid out	78,164,324		65,658,032

Details of changes in equity

in thousands of EUR	Issued share capital	Share premiums	Issued share capital and share premiums	Post employment benefits reserves	Financial instruments	Post employment benefits reserves and financial instruments
At December 31, 2020	**2,533**	**743**	**3,276**	**-308,357**	**-1,578**	**-309,935**
Total comprehensive income	-	-	-	62,683	503	63,186
At December 31, 2021	**2,533**	**743**	**3,276**	**-245,674**	**-1,075**	**-246,749**
Total comprehensive income	-	-	-	160,750	96,158	256,907
At December 31, 2022	**2,533**	**743**	**3,276**	**-84,924**	**95,083**	**10,158**

Other equity movements

The 2022 Other equity movements of €50,718 thousand mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings; and changes in non-controlling interest in France.

The 2021 Other equity movements of €19,629 thousand mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings.

Note 20 – Provisions

In thousands of EUR	Warranty	Health claims	Litigation	Others	Total
At 31 December 2021	**32,012**	**63,842**	**9,032**	**56,930**	**161,816**
Additional provisions made	3,787	1,641	2,171	33,035	40,634
Amounts utilised during the year	-2,989	-5,035	-1,946	-25,411	-35,381
Unused amounts reversed	-1,772	-2,883	-740	-5,319	-10,714
Changes in the scope of consolidation	-	-	1,541	4,138	5,679
Translation differences	-25	-24	-34	-336	-419
Transfer between captions	-	-	-	6	6
Discount rate adjustment	-1	-2,218	-	-13	-2,232
At 31 December 2022	**31,012**	**55,323**	**10,024**	**63,030**	**159,389**
Non-current at the end of the period	26,689	50,400	8,349	34,614	120,052
Current at the end of the period	4,323	4,923	1,675	28,416	39,337

Warranty provisions

The provisions for warranty costs are estimates of future payments for claims relating to sales of goods based on historical data; they cover mainly roofing products in Europe for which a long warranty period is granted to customers. Additions made to the provision during the year are based on an estimate of the probability of future product claims applied to the sales figures of the year and specific claims exceeding statistical estimates.

Health claims provision

In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. The use of asbestos has been banned in the entire Group for many years now, but some companies may still receive claims relating to past exposure to asbestos. The potential risk varies depending on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company.

The accounting approach is to provide for the costs of the settlement of claims which are both probable and can be reliably estimated. The provision at 31 December 2022 for the cost of asbestos claims comprises an amount of €20,868 thousand (€22,488 thousand in 2021) for the expected costs of settling notified claims and a discounted amount of €34,447 thousand (€41,349 thousand in 2021) in respect of losses arising from claims which have not yet been notified but which are both probable and can be reliably estimated. These future claims are discounted at different rates from 0.00 % to 8.75 % depending on the country (0.00 % to 6.37 % in 2021).

Most of the Etex's subsidiaries work with external counsels and, if applicable, insurance companies to review the asbestos claims. If a compensatory disease is proven and the causation can be established, the settlement is provided for an amount that reflects the type of disease, the seriousness of the injury, the age of the claimant and the particular jurisdiction of the claim.

The estimation of future claims is based on an up to 25-year cost estimate which takes into account the current level of claims as well as a reduction of claims over time as the number of diseases is expected to decline. Whilst further claims are likely to arise after this up to 25-year-period, the associated costs of resolution cannot be reliably estimated and no provision has been made to cover these possible liabilities. The estimate of future liabilities takes into account a large number of variables such as the number of employees exposed, the likely incidence, the disease mix, the mortality rates, the legislative environment and the expected insurance coverage. As these assumptions may change over time, there can be no guarantee that the provision for asbestos liabilities is an accurate prediction of the actual future costs. As a consequence, the provision may have to be revised in the future as additional information becomes available or trends change. The provision is reviewed at least once a year.

The number of new claims received during 2022 was 31 (28 in 2021), 41 cases were settled and 17 resolved without cost. The number of outstanding cases for which a provision has been made at 31 December 2022, was 123 (150 in 2021).

Litigation provisions

Litigation provisions mainly include estimated future outflows relating to, various direct and indirect tax litigations, litigations with customers, former employees, suppliers and other parties.

Other provisions

Other provisions include mainly estimated future outflows for environmental obligations and restructuring.

The Group meets all obligations imposed by relevant laws with respect to CO2 emission rights, land decontamination and site restoration. Where requested, necessary expenses are made and provision for future estimated costs are set-up. At 31 December 2022, these provisions amounted to €44,489 thousand (€32,946 thousand in 2021).

Restructuring provisions relate mainly to the restructuring of companies in France. Further information is disclosed under Note 5.

Note 21 – Commitments and contingencies

Health claims

There has been a history of bodily injury claims resulting from exposure to asbestos being lodged against subsidiaries of the Group for a number of years. The Group's approach is to provide for the costs of resolution which are both probable and reliably estimable (refer to Note 20 on provisions). At present the provision for the costs which are both probable and can be reliably estimated cover up to 25 years of estimated gross costs. Whilst further claims are likely to be resolved beyond this timeframe, the associated costs of resolution are not able to be reliably estimated and no provision has been made to cover these possible liabilities, which are considered contingent.

Legal claims

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environment and health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The Group is required to assess the likelihood of any adverse judgements or outcomes to these matters, as well as potential ranges of probable losses. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

Guarantees

At 31 December 2022, the Group issued the following guarantees to third parties:

In thousands of EUR	**2021**	**2022**
Guarantees issued after business disposals	324,783	316,432
Guarantees issued by the Group to cover the fulfilment of Group companies obligations	249,492	1,060,018
Guarantees issued by Third Parties to cover fulfilment of Group companies obligations	19,404	20,666
Secured debt	866	347

Guarantees issued by the Group to cover the fulfilment of Group companies' obligations consists mainly of the joint and several cross guarantees provided by the Group and its affiliates relating to our outstanding syndicated credit facility (€900 million), commercial paper programme (€300 million), Schuldschein loan (€824 million), as well as securities issued to guarantee other commitments (€192 million). The values disclosed in the above table are based on outstanding amounts.

Secured debt includes mortgages and pledges provided in Japan to cover local credit facilities in 2022.

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services and capital expenditures, buys and sells investments and Group companies or portions thereof. At 31 December 2022 Etex had purchase commitments of €142,278 thousand (€90,396 thousand in 2021), mainly due to a significant project in UK in addition to commitments to acquire CO_2 emission rights.

Commitments relating to uncapitalised lease payments are disclosed in Note 24.

Note 22 – Employee benefits

Defined contribution plans

For defined contribution plans Group companies pay contributions to pensions funds or insurance companies. Once contributions have been paid, the Group companies have no further significant payment obligation. Contributions constitute an expense for the year in which they are due. In 2022, the defined contribution plan expenses for the Group amounted to €14,072 thousand (€13,468 thousand in 2021).

Defined benefit plans

Some Group companies provide defined benefit pension plans to their employees as well as defined benefit medical plans and early retirement plans.

The following tables reconcile the funded and unfunded status of defined benefit plans to the amounts recognised in the statement of financial position:

In thousands of EUR	**2021**	**2022**
Present value of funded obligations	*1,359,426*	*883,019*
Fair value of plan assets	*1,181,269*	*905,591*
Plan (surplus) deficit of funded obligations	178,157	-22,572
Present value of unfunded obligations	114,166	91,822
Net liability from funded and unfunded plans	**292,323**	**69,250**
Other long term benefits	7,357	8,327
Termination benefits	2,644	1,963
Stock option plans	39,479	41,417
Net employee benefits liability	**341,803**	**120,957**
Employee benefit obligation	1,523,072	1,026,548
Fair value of plan assets	1,181,269	905,591
Net liability at the end of the year	**341,803**	**120,957**
Net employee benefits liability (assets)	**341,803**	**120,957**
Employee benefits in the statement of financial position:		
Liabilities	*356,343*	*159,858*
Assets	*14,540*	*38,901*

Funded pension plans have been established in the United Kingdom, Ireland, Germany, Belgium, Indonesia and Brazil. They are all closed for new employees.

Unfunded pension plans exist mainly in Germany and Chile, but also in Japan and Lithuania.

Other post employment benefits such as medical plans, early retirement plans and gratuity plans are granted mainly in Belgium, the United Kingdom, France, Germany, Australia, Austria and Italy. Other long term benefits consist mainly of "Jubileum" premiums in Germany and Poland. In France they relate to long term profit sharing and "Medailles du travail".

Termination benefit plans consist of specific early retirement plans, mainly in Germany and Chile.

Stock options plans are detailed in Note 23.

The largest individual plans are in the UK and Ireland. Together they account for 77% (82% in 2021) of the total Group defined benefit obligation, and 90% (92% in 2021) of its plan assets.

UK Pension Plans

In the UK, the Group sponsors two defined benefit pension plans – the ML Pension Scheme (the "Scheme") and the Eternit Pension Plan (the "Plan", together "the Plans"). The Plans were closed to future accrual on 31 December 2009 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme.

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement.

The Plans are governed by boards of Trustees (the "Trustees") that have control over the operation, funding and investment strategy. The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the UK sponsoring employers of the Plans (the UK sponsors).

UK legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years and to target full funding against a basis that prudently reflects the Plans' risk exposure. The most recent valuations were carried out as at 31 March 2020 and the results showed a deficit of £11.2million (funding level 98%) for the Scheme and a deficit of £2.4 million (funding level 99%) for the Plan against the Trustees' funding objective, agreed with the UK sponsors.

During the 2017 actuarial valuation discussions, an agreement was reached with the UK Sponsors and the Trustees of the Plan agreed to take a £43,975 thousand interest in an asset backed contribution (ABC) arrangement – the EPP ABC Limited Partnership ("the EPP ABC"), following receipt of a contribution of the same amount from Eternit UK Limited on 28 March 2018. The agreement provides additional covenant support for the Plan. The EPP ABC releases cash each quarter to the Plan of £1,025 thousand no later than 5 business days following 31 March, 30 June, 30 September, and 31 December of each year starting on 30 June 2018 for a 14 year 6-month period with the last payment made no later than 5 business days following 31 December 2032. This agreement and term of the arrangement remained the same following completion of the 2020 funding valuation.

The UK sponsors also agreed a similar agreement for the Scheme to take a £36,157 thousand interest in an asset backed contribution (ABC) arrangement – the MPS ABC Limited Partnership ("the MPS ABC"), following receipt of a contribution of the same amount from Marley Eternit Limited on 28 March 2018. The agreement provides additional covenant support for the Scheme. As with the EPP ABC, the MPS ABC releases cash to the Scheme of £842 thousand each quarter no later than 5 business days following 31 March, 30 June, 30 September, and 31 December of each year starting on 30 June 2018 for a 14 year 6-month period with the last payment made no later than 5 business days following 31 December 2032. This agreement and term of the arrangement remained the same following completion of the 2020 funding valuation.

In addition, the UK Sponsors agreed to meet all expenses going forward for both the Plan and the Scheme.

The approximate weighted average duration of the defined benefit obligation is approximately 12 years for the Scheme and 13 years for the Plan as at 31 December 2022.

The Plans hold a diversified portfolio of assets including multi-asset absolute return funds, property, private debt, infrastructure, insurance-linked securities, liability driven investments, buy and hold credit funds, and cash. The investment strategy is reviewed regularly by the Trustees in conjunction with the UK sponsors. The last review for both the Scheme and Plan was in 2021, when the Trustees agreed to adopt a strategic asset mix that was expected to evolve over time as the Plans mature. In addition, in 2022, the Plans' funding position improved significantly due to rising bond yields, and hence the allocations to multi-asset absolute return funds and insurance-linked securities were reduced with a view to protecting some of these gains and reducing risk, whilst also supporting the LDI collateral position. The Trustees will continue to review the investment strategy over 2023, including in the context of the 2023 actuarial valuation.

41% of the total asset portfolio consists of complex pooled investment vehicles (PIVs) for which the year-end fair values have been estimated based on the 30 September 2022 valuation adjusted for capital movements during the last quarter of 2022 and up to the year-end date.

There is a risk that changes in the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans both on an accounting basis and the local funding basis. Other assumptions used to value the defined benefit obligation are also uncertain. Other risks such as actions taken by the local regulators could result in stronger local funding standards, which could affect cash flow.

In order to mitigate risk, and working together with the Trustees, the UK sponsors have carried out two risk management exercises since the closure of the Plans. The first of these was a pension increase exchange exercise whereby members of the Plans were offered the opportunity to exchange non-statutory inflation linked pension increases for a higher initial pension, but one which did not then increase in payment thereby reducing the inflation exposure of the Plans. A flexible pension option exercise took place at the end of 2013/start of 2014 in which preserved pensioners aged 55 or over were reminded of their option to retire early or transfer out of the Plans with the offer of independent financial advice. To the extent members decide to transfer out of the Plans some of the risks described are reduced.

Ireland Pension Plans

In Ireland, the Group sponsors two defined benefit pension plans – The Tegral Group Pension Plan (the "Main Plan") and the Tegral Group Executives Pension Plan (the "Exec Plan") together ("the Plans"). The Plans were closed to future accrual on 31 December 2010 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme (the DC Scheme).

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans

and their salary when they left the Plans, revalued on a statutory basis until retirement.
The Plans are governed by boards of Trustees (the "Trustees") that have control over the operation, funding and investment strategy.

The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the Irish sponsoring employer of the Plans (the Irish sponsors).

Irish legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years. The most recent valuations were carried out as at 1 January 2021 and the next formal actuarial valuation of the Plans will be as of 1 January 2024.

The results of the 1 January 2021 valuations showed that both schemes satisfied the statutory minimum funding standard and there was a small combined surplus (funding level 100%) against the Trustees' funding objectives. The Irish sponsors and Trustees have agreed to a pause in employer contributions over the period to the next formal valuations at 1 January 2024;

The combined approximate weighted average duration of the defined benefit obligation is 14 years for the Plans.

The Plans hold a diversified portfolio of assets including equities, bonds, property, cash and absolute return funds. The investment strategy is reviewed regularly by the Trustees in conjunction with the Irish sponsors.

There is a risk that experience being different to the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Other risk such as actions taken by the local regulators could result in stronger local funding standards, which could affect cash flow. However, because the sponsor has a right to a refund of any surplus assets, there would be no further balance sheet effect.

In order to mitigate this risk and working together with the Trustees, the Irish sponsors have controlled risk by closing the Plans to future accrual and reducing the investment risk of the Plans.

The distribution of the employee benefit obligation per country, at the end of the year is as follows:

In thousands of EUR	**2021**	**2022**
United Kingdom	1,141,258	711,163
Germany	104,417	72,576
Ireland	102,314	74,527
Belgium	90,176	82,222
France	19,057	16,218
Others	65,850	69,842
Employee benefit obligation	**1,523,072**	**1,026,548**

The changes in the present value of the employee benefit obligations are as follows:

In thousands of EUR	**2021**	**2022**
Employee benefit obligation at the beginning of the year	**1,495,656**	**1,523,072**
Service cost	*37,014*	*29,087*
Past service cost (gain)/loss	*326*	*-408*
Settlements	*333*	*-221*
Service cost	37,673	28,458
Interest cost	18,437	24,087
Actuarial (gains) and losses	-47,597	-427,705
Benefits paid	-63,512	-81,894
Plan participants contribution	959	992
Acquisition of subsidiaries	4,865	4,453
Disposal of subsidiaries	-	-133
Translation differences	76,591	-44,782
Employee benefit obligation at the end of year	**1,523,072**	**1,026,548**

The table above includes the changes for the defined benefit obligations, stock option plans, termination benefits and other long term benefits.

Belgian plans subject to minimum guaranteed rate of return

Etex offers defined contribution pension plans funded through group insurance to employees of its Belgian affiliates. The Belgian defined contribution plans are subject to the Law of 28 April 2003 on occupational pensions.
According to article 24 of this Law, the employer has to guarantee a minimum return (3.25% p.a. / 3.75% p.a. on employer / employee contributions paid before 1 January 2016, and 1.75% p.a. on employer /employee contributions paid as from 1 January 2016), therefore these plans are considered to be defined benefit plans under IAS 19. They induce a financial risk for the Group during periods of declining market interest rates when the returns guaranteed by the insurance companies are lower than the minimum legal returns. The assets of these plans are entirely managed by external insurance companies referred to as "qualifying parties" which do not have any link with the Group.

Other plan costs and income

Past service gains of €408 thousand relate mainly to the change of the estimates of the funded plan in Indonesia, in accordance with the new IFRIC recommendation. Settlements of €221 thousand relate to a medical plan in France.

The changes in the fair value of the plan assets are as follows:

In thousands of EUR	**2021**	**2022**
Fair value of plan assets at the beginning of the year	**1,116,357**	**1,181,269**
Interest income	14,549	19,763
Actuarial gains and (losses)	16,820	-213,037
Employer contribution	14,206	12,959
Plan participants contribution	940	995
Administration cost (excluding management of assets)	-144	-175
Newly recognised plan	3,064	11
Benefits paid	-49,115	-53,021
Transfer	-16	-
Translation differences	64,608	-43,173
Fair value of plan assets at the end of the year	**1,181,269**	**905,591**

The expense recognised in the income statement is detailed as follows:

In thousands of EUR	**2021**	**2022**
Service cost	-37,673	-28,458
Interest cost	-18,437	-24,087
Interest Income	14,549	19,763
Administration cost (excluding management of assets)	-145	-175
Total employee benefit expense	**-41,706**	**-32,957**
The employee benefit expense is included in the following line items of the income statement:		
Operating income	*-37,818*	*-28,633*
Financial result	*-3,888*	*-4,324*

The main weighted assumptions used in measuring the employee benefit liabilities are the following:

	2021	**2022**
Discount rate	1.27%	4.60%
Future salary increases	5.08%	4.87%
Pension increase	2.41%	2.82%
Medical cost trend	5.40%	5.40%

The distribution of the plan assets is the following:

	2021	2022
Equity instruments	8%	3%
Debt instruments	57%	44%
Real estate	8%	9%
Etex shares (200,190 shares)		
Cash and fixed deposits	4%	6%
Insurance	10%	13%
Other	12%	25%
Total	**100%**	**100%**

The expected employer contributions to be paid in 2023 to defined benefit plans amount to €4,690 thousand.

Sensitivity analysis

UK

The measurement of the defined benefit obligation for the Plans in the UK is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a £77 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a £51 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately £22 million.

There is also a risk of asset volatility leading to lower funding levels in the Plans.

Ireland

The measurement of the defined benefit obligation for the Plans in Ireland is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a €12 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a €12 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately €3.3 million.

There is also a risk of asset volatility leading to lower funding levels in the Plans.

Note 23 – Share based payments

On 19 December 2014, the Board introduced a stock option plan to reward executives and senior staff: the plan authorises the issuance of a maximum of 5,000,000 options to be granted annually over a 5-year period with an annual maximum of 1,000,000 options. In 2015, 2016, 2017, 2018 and in 2019 grants were made under this plan (SOP 2015, SOP 2016, SOP 2017, SOP 2018 and SOP 2019).

On 22 October 2019, the Board introduced a new stock option plan on similar terms: the plan authorises the issuance of a maximum of 5,000,000 options to be granted annually over a 5-year period with an annual maximum of 1,000,000 options however if less distributed over past years allocation could be higher in a certain year. In 2020, 2021 and 2022 grants were made under this plan (SOP 2020, SOP 2021 and SOP 2022).

Each option gives the beneficiary the right to buy one Etex N.V. share at an exercise price determined at grant date and is vested on a monthly basis over 4 years. Each beneficiary of an option is also granted a put option whereby the shares acquired under the stock option plan can be sold back to the Group at a price determined at each put exercise period, which is similar to the stock option plan exercise period.

Fair value of the options granted during the period

The fair value of the services received in return for share options is based on the fair value of the share options granted, measured using the Black & Scholes model with the following inputs:

	2021	2022
Expected volatility (% pa)	20.00	20.00
Risk-free interest rate (% pa)	-0.18	0.05
Expected dividend increase (% pa)	10.00	10.00
Rate of pre-vesting forfeiture (% pa)	-	-
Rate of post-vesting leaving (% pa)	1.00	1.00
Share Price (as estimated)	50.42	48.91
Expected early exercise of options	5-6 years	5-6 years
Fair value per granted instrument determined at grant date (€)	5.61	5.75

The expected volatility is slightly lower than the industrial Belgian listed companies (25%), because the market ratios are fixed for the entire exercise period of the option.

Due to newly granted stock options in the current year and due to the increase of the fair value of the options granted in the past and not exercised yet, Etex recognised a share-based payment expense of €21,387 thousand during the year (an expense of €28,636 thousand in 2021). The total carrying amount of the liability related to the stock option plans amounts to €41,417 thousand (€39,479 thousand in 2021) and is disclosed under "Employee benefits liabilities" as described under Note 22.

Stock option plans granted by the company

Plan	Contractual life of an option	Exercise period	Exercise (call) price	Number of options still to be exercised
SOP 2016	20.6.2023	Once a year as from 2020, between 1.6 and 20.6	26.74	22,900
SOP 2017	20.6.2024	Once a year as from 2021, between 1.6 and 20.6	33.23	47,000
SOP 2018	20.6.2025	Once a year as from 2022, between 1.6 and 20.6	33.65	108,000
SOP 2019	20.6.2026	Once a year as from 2023, between 1.6 and 20.6	29.35	733,563
SOP 2020	20.6.2027	Once a year as from 2024, between 1.6 and 20.6	28.69	686,125
SOP 2021	20.6.2028	Once a year as from 2025, between 1.6 and 20.6	50.41	1,027,425
SOP 2022	20.6.2029	Once a year as from 2026, between 1.6 and 20.6	48.91	1,008,475

Details of the share options outstanding during the year

	2021		2022	
In thousands of EUR	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	**3,239,848**	**31.18**	**3,660,469**	**31.18**
Granted during the year	1,103,925	50.41	1,047,400	48.91
Forfeited during the year	-112,256	30.97	-173,141	43.02
Exercised during the year	-561,148	32.88	-897,240	33.36
Expired during the year	-9,900	32.28	-4,000	32.83
Outstanding at the end of the year	**3,660,469**	**31.18**	**3,633,488**	**40.77**
Of which exercisable at the end of the year	*273,200*	*32.11*	*177,900*	*32.65*

For share put options exercised during the period, the weighted average share price was €54.80 (€43.42 in 2021).

Note 24 – Loans and borrowings

In thousands of EUR	2021	2022
Bank loans	113,243	941,495
Other financial loans	7,205	5,902
Obligations under leases	136,403	124,900
Total non-current financial liabilities	**256,851**	**1,072,297**

In thousands of EUR	2021	2022
Bank loans	4,335	28,638
Bank overdrafts	1,390	4,738
Other financial loans	172,335	186,716
Obligations under leases	22,702	26,525
Total current financial liabilities	**200,762**	**246,617**

In October 2018, Etex signed the documentation for the refinancing of a €600 million Syndicated Credit Facility for a period of 5 years (extendable to 7 years) with a pool of 12 core banks. In 2020, the Syndicated Credit Facility was extended for an amount of €535 million till October 2025. That Syndicated Facility was drawn at €100 million per end of 2022 (drawn at €0 million per end of 2021). Etex also uses Schuldschein loans (outstanding from 2016 and a new issue in 2022) for a total amount of €824 million (€110 million in 2021) and a Commercial Paper program of €300 million, drawn at €134 million per end of 2022 (€137,3 million per end of 2021). The increase of these 3 loan facilities is the result of the URSA acquisition made in 2022.

In December 2022, Etex signed the documentation for an additional Syndicated Credit Facility of €300 million, maturing in October 2025, with a pool of 9 banks. Objective of this additional financing was to increase the group liquidity in view of the geopolitical developments. That new, additional Syndicated Credit Facility was drawn at €0 million per end of 2022.

In 2022, Etex continued using its €275 million non-recourse Factoring Program (increase of €75 million versus 2021), through which customer receivables from 14 entities in 10 European countries are being sold to a pool of banks on a non-recourse basis. Per end of 2022, €251.1 million were financed through that program, out of which €206.0 million was eligible for trade receivables derecognition. Within the URSA scope of acquired companies, a total non-recourse factoring program is running for an additional non-recourse factoring financing of €52,5 million, derecognised from the trade receivables.

The utilisations of the Syndicated Loan Facilities may be in Euro or other freely available currencies, as agreed. The interest payable is calculated at the relevant interbank rate for the period of the utilisation that has been chosen by the borrower, floored at 0%, plus the applicable margin. The Credit Facilities and Schuldschein contain a number of operating covenants, including restrictions on giving security to lenders, on the amount of external subsidiary borrowings and restrictions on the acquisition and the disposal of material assets. They also contain financial covenants which includes in particular a required ratio of consolidated net debt to consolidated EBITDA of the Group. We also refer to Note 17.

Transaction costs on the Syndicated Loans of 2018 and 2022, and on the new Schuldschein Loan of 2016 have been deducted from the loan at initial recognition and are being amortised over the life of the extended loan. The amount still to be amortized at the end of 2022 amounts to €3,735 thousand (€1,204 thousand at the end of 2021).

Within the share purchase agreements of the acquisition project of Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At year-end 2022 the call/put option is measured at fair value and qualified as financial liability amounting to €3,791 thousand.

Finally, for its local funding, the Group is relying on some long-term and short-term facilities with local banks for a total amount of €59.7 million end of 2022 (€12.4 million end of 2021), for which the increase is mainly located in Nigeria (€44.6 million) through local financing of an investment project.

The management of interest rate risk is described in Note 17.

Net financial debt

The net financial debt position is calculated as follows:

In thousands of EUR	2021	2022
Non-current loans and borrowings	256,851	1,072,297
Current portion of loans and borrowings	200,762	246,617
Current financial assets	-41,316	-81,451
Cash and cash equivalents	-202,500	-206,038
Net financial debt	**213,797**	**1,031,425**

Lease liabilities

The Group is leasing various items of plant, property and equipment. At commencement date of the lease, the Group recognises the right-of-use assets (refer to Note 8 – Property, plant and equipment) and the lease liability measured at the present value of lease payments to be made over the lease term. The Group presents interest paid on its lease liabilities as financing activities in the cash flow statement (refer to Consolidated statement of cash flows) and as interest expense on financial liabilities measured at amortised cost in the income statement (refer to Note 6 – Finance income and expenses).

The future minimum lease payments, interest payments and present value of payments are as follows:

In thousands of EUR	2021			2022		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
Less than 1 year	26,826	-4,124	22,702	30,161	-3,636	26,525
Between 1 and 5 years	65,956	-12,801	53,155	56,757	-10,778	45,979
More than 5 years	142,107	-58,859	83,248	133,029	-54,108	78,921
Total	**234,889**	**-75,784**	**159,105**	**219,947**	**-68,522**	**151,425**

Uncapitalised lease payments

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The variable lease payments that do not depend on an index or rate are recognised as expense in the period on which the event or condition that triggers the payment occur. The total expenses for uncapitalised lease payments recognised in the consolidated income statement for 2022 amount to €7,345 thousand.

Future committed uncapitalised lease payments are as follows:

In thousands of EUR	2021				2022		
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
Short-term leases	2,017	12	-	**2,029**	6,212	-	**6,212**
Low-value leases	23	12	-	**35**	624	483	**1,107**
Variable lease payments	4	-	-	**4**	55	61	**116**
Total	**2,044**	**24**	**-**	**2,068**	**6,891**	**544**	**7,435**

Variable lease payments that do not depend on an index or a rate are not material.

Note 25 – Deferred tax

In thousands of EUR	Assets	Liabilities	Net
Net carrying amount at 31 December 2021	**112,025**	**83,701**	**28,324**
Translation differences	-1,912	-4,520	2,608
Recognised in income statement	-43,364	-38,021	-5,343
Recognised in equity	-	85,324	-85,324
Change in scope of consolidation	16,933	67,469	-50,536
Netting	14,721	14,727	-6
Net carrying amount at 31 December 2022	**98,403**	**208,680**	**-110,277**

The amount of deferred tax assets and liabilities are attributable to the following items:

In thousands of EUR	2021		2022		2021	2022	
	Assets	Liabilities	Assets	Liabilities	Net	Net	Variance
Property, plant and equipment	3,475	125,012	4,320	138,876	-121,537	-134,556	-13,019
Intangible assets	3,187	46,057	3,039	79,313	-42,870	-76,274	-33,404
Employee benefits assets	10	1,818	116	8,844	-1,808	-8,728	-6,920
Inventories	5,542	939	5,178	1,639	4,603	3,539	-1,064
Trade & other receivables	5,682	446	4,831	877	5,236	3,954	-1,282
Other assets	11,365	3,351	9,683	39,105	8,015	-29,422	-37,437
Provisions	21,443	7,676	19,384	9,141	13,767	10,243	-3,524
Employee benefits liabilities	47,003	595	12,818	13,543	46,408	-725	-47,133
Loans and borrowings	11,988	318	10,118	1,224	11,670	8,894	-2,776
Other non-current liabilities	-	333	-	315	-333	-315	18
Current liabilities	15,337	1,108	19,213	4,989	14,229	14,224	-5
Tax losses carried forward	203,094	-	245,748	-	203,094	245,748	42,654
Unrecognised deferred tax assets	-112,152	-	-146,859	-	-112,152	-146,859	-34,707
Netting by taxable entity	-103,951	-103,951	-89,186	-89,186	-	-	-
Total	**112,025**	**83,701**	**98,403**	**208,680**	**28,322**	**-110,277**	**-138,599**

Deferred taxes have not been recognised in respect of tax losses carried forward for an amount of €144,197 thousand (€109,429 thousand in 2021) and net deductible temporary differences for €2,250 thousand (€2,724 thousand in 2021) when it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The amount of deferred tax assets computed on tax losses carried forward is detailed below, before deduction of unrecognised deferred tax assets, by year in which tax losses will expire:

Expiration year	**Deferred Tax Asset**
2023	920
2024	-
2025	918
2026	-
Without expiration date	243,909
Total	**245,748**

Note 26 – Trade and other liabilities

Non-current liabilities

In thousands of EUR	2021	2022
Deferred income - Government grants	12,098	12,905
Other liabilities	19	187
Total	**12,117**	**13,092**

The Group has been awarded a number of government grants related to investments in property, plant and equipment. These government grants are recognised in the statement of financial position as deferred income for €12,905 thousand (€12,098 thousand in 2021) and amortised over the useful life of the assets. All conditions attached to these grants have been fulfilled.

Current liabilities

In thousands of EUR	2021	2022
Trade liabilities	533,252	677,105
Other liabilities	206,718	259,740
Total	**739,970**	**936,845**

At 31 December 2022 an amount of €26,756 thousand, out of a total credit line of €115 million, has been utilised by suppliers as part of a supplier finance arrangement. The arrangement contemplates the transfer of receivables (outstanding Group payables) by suppliers to predefined banks. The group has determined that the terms (amount, nature, function and timing) of the trade payables are otherwise substantially unchanged and that it is therefore appropriate to continue presenting the relevant amounts within trade payables in the balance sheet.

The other current liabilities include:

In thousands of EUR	2021	2022
Income taxes payable	49,533	55,548
Other taxes payable	32,465	48,317
Remuneration payable	72,424	82,949
Social security payable	23,159	24,806
Deferred income and accrued charges	9,181	21,679
Derivative financial instruments with negative fair values	2,332	650
Dividends payable	41	1,482
Amount due to customers for construction contracts in progress	1,245	1,737
Advances received on construction contracts not yet started	87	1,530
Current cash guarantees received	708	796
Other	15,543	20,246
Total	**206,718**	**259,740**

Note 27 – Statement of cash flow details

(a) Depreciation, amortisation and impairment losses

2022

In thousands of EUR	Property,plant, equipment (Note 8)	Intangible assets (Note 9, 10)	Investment properties (Note 11)	Assets held for sale (Note 12)	Total
Depreciation	175,649	-	39	-	175,688
Amortisation	-	37,314	-	-	37,314
Impairment losses	15,205	2,485	-144	14	17,560
Total	**190,854**	**39,799**	**-105**	**14**	**230,562**

2021

In thousands of EUR	Property,plant, equipment (Note 8)	Intangible assets (Note 9, 10)	Investment properties (Note 11)	Assets held for sale (Note 12)	Total
Depreciation	145,884	-	113	-	145,997
Amortisation	-	26,727	-	-	26,727
Impairment losses	1,452	33,458	-191	-	34,719
Total	**147,336**	**60,185**	**-78**	**-**	**207,443**

(b) Gains (losses) on sale and retirement of intangible assets and property, plant and equipment

2022

In thousands of EUR	Property,plant, equipment (Note 8)	Intangible assets (Note 10)	Investment properties (Note 11)	Assets held for sale (Note 12)	Total
Disposal proceeds	4,669	302	-	8,217	13,188
Net book value disposals	-4,202	-14,859	-	-1,346	-20,407
Gains (losses) on disposal	**467**	**-14,557**	**-**	**6,871**	**-7,219**
Losses on retirement	-	-	-	-	-
Total	**467**	**-14,557**	**-**	**6,871**	**-7,219**

2021

In thousands of EUR	Property,plant, equipment (Note 8)	Intangible assets (Note 10)	Investment properties (Note 11)	Assets held for sale (Note 12)	Total
Disposal proceeds	4,615	1,289	16,486	327	22,717
Net book value disposals	-3,320	-4,954	-2,426	-443	-11,143
Gains (losses) on disposal	**1,295**	**-3,665**	**14,060**	**-116**	**11,574**
Losses on retirement	-	-	-	-	-
Total	**1,295**	**-3,665**	**14,060**	**-116**	**11,574**

(c) Capital expenditure

In thousands of EUR	2021	2022
Property, plant and equipment (Note 8)	181,800	280,437
Intangible assets (Note 10)	15,572	20,882
Assets held for sale (Note 12)	842	13
Total	**198,214**	**301,332**
Property, plant and equipment - leased	61,316	15,030
Total Capital expenditure - leased	**61,316**	**15,030**
Property, plant and equipment - owned	120,484	265,407
Intangible assets - owned	15,572	20,882
Assets held for sale - owned	842	13
Total Capital expenditure - owned	**136,898**	**286,302**

(d) Changes in working capital, provisions and employee benefits

In thousands of EUR	2021	2022
Inventories	-70,530	-29,671
Trade and other receivables, trade and other liabilities	8,473	-52,846
Provisions	-11,933	8,459
Employee benefits	8,414	-15,184
Total	**-65,576**	**-89,242**

(e) Interest and dividend received

In thousands of EUR	2021	2022
Interest received	2,083	7,700
Dividend Associates	1,222	887
Total	**3,305**	**8,587**

(f) Reconciliation Income tax expense – income tax paid

In thousands of EUR	2021	2022
Income Tax expense	-89,618	-102,406
Changes in deferred taxes	-4,743	5,343
Changes in income tax payables/receivables	787	-747
Income Tax paid	**-93,574**	**-97,810**

(g) Dividend paid

In thousands of EUR	2021	2022
Dividend Etex N.V.	-54,715	-65,658
Minority interest	-9,054	-5,368
Changes dividend payable	-838	1,441
Exchange difference	684	-397
Total dividend paid	**-63,923**	**-69,983**

(h) Changes in liabilities arising from financial liabilities

2022

In thousands of EUR	**January 01 2022**	**Cash flows**	**Non-cash changes** Foreign exchange movements	**New leases**	**Transfers**	**Scope in**	**Scope out**	**December 31 2022**
Bank loans	113,243	858,045	-4,262	-	-25,531	-	-	941,495
Other financial loans	7,205	-287,283	-	-	-1,426	287,406	-	5,902
Non-current lease liability	136,403	-6,143	-4,101	15,030	-27,241	10,961	-9	124,900
Non-current financial liabilities	**256,851**	**564,619**	**-8,363**	**15,030**	**-54,198**	**298,367**	**-9**	**1,072,297**
Bank loans	4,335	-651	-577	-	25,531	-	-	28,638
Bank overdrafts	1,390	3,396	-48	-	-	-	-	4,738
Other financial loans	172,335	2,441	-4,544	-	1,426	15,058	-	186,716
Current lease liability	22,702	-23,150	-169	-	27,241	-	-99	26,525
Current financial liabilities	**200,762**	**-17,964**	**-5,338**	**-**	**54,198**	**15,058**	**-99**	**246,617**
Total loans and borrowings	**457,613**	**546,655**	**-13,701**	**15,030**	**-**	**313,425**	**-108**	**1,318,914**

2021

In thousands of EUR	**January 01 2021**	**Cash flows**	**Non-cash changes** Foreign exchange movements	**New leases**	**Transfers**	**Disposal**	**Scope in**	**Scope out**	**December 31 2021**
Bank loans	109,559	-6,197	-46	-	-1,203	-	11,130	-	113,243
Other financial loans	3,056	-31,962	3	-	-885	-	36,993	-	7,205
Non-current lease liability	86,402	-17,648	9,170	61,316	-18,417	-	15,580	-	136,403
Non-current financial liabilities	**199,017**	**-55,807**	**9,127**	**61,316**	**-20,505**	**-**	**63,703**	**-**	**256,851**
Bank loans	77,689	-74,470	-87	-	1,203	-	-	-	4,335
Bank overdrafts	327	1,058	5	-	-	-	-	-	1,390
Other financial loans	131,182	39,487	781	-	885	-	-	-	172,335
Current lease liability	20,925	-27,784	10,211	-	18,417	-	933	-	22,702
Current financial liabilities	**230,123**	**-61,709**	**10,910**	**-**	**20,505**	**-**	**933**	**-**	**200,762**
Total loans and borrowings	**429,140**	**- 117,516**	**20,037**	**61,316**	**-**	**-**	**64,636**	**-**	**457,613**

Note 28 – Transactions with related parties

Transactions between Etex and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not included in the Notes. Transactions with equity accounted investees and joint ventures are included in Note 13.

Transactions with members of the Board of Directors and the Executive Committee:

In thousands of EUR	**2021**	**2022**
Board of Directors:		
Short term employee benefits	*958*	*1,060*
Executive Committee:		
Short term employee benefits	*11,698*	*9,501*
Post employment benefits	*485*	*497*
Share based payment	*7,573*	*8,210*
Number of stock options granted during the year	*464,375*	*538,300*

Transactions with companies in which members of the Board of Directors are active, reflect third party conditions and are immaterial in scope.

Note 29 – Remuneration of the statutory auditor

The world-wide audit remuneration for the statutory auditor totalled €2,944 thousand (€2,245 thousand in 2021). The fees paid to the statutory auditor for additional services amounted to €1,720 thousand (€940 thousand in 2021), of which €1,070 thousand for Other engagements (€143 thousand in 2021) and €650 thousand for tax & advisory services (€797 thousand in 2021).

Note 30 – Etex companies

The major companies included in the consolidated financial statements are listed below. An exhaustive list of Group companies with their registered office will be filed at the Belgian National Bank together with the consolidated financial statements.

		% equity interest 2021	2022
Europe			
Austria	Etex Building Performance GmbH	100%	100%
	URSA Dämmsysteme Austria GmbH	0%	100%
Belgium	Comptoir du Bâtiment N.V.	100%	100%
	Etergyp N.V.	100%	100%
	Eternit N.V.	100%	100%
	Etex Building Performance N.V.	100%	100%
	Etex N.V.	100%	100%
	Etex New Ways N.V.	100%	100%
	Etex Services N.V.	100%	100%
	Etexco N.V.	100%	100%
	Euro Panels Overseas N.V.	100%	100%
	Microtherm N.V.	100%	100%
	Promat Research and Technology Center N.V.	100%	100%
	URSA Benelux B.V.	0%	100%
Bosnia	Siniat Adria Gips LLC	100%	100%
Croatia	URSA Zagreb D.O.O.	0%	100%
Czech Republic	Promat s.r.o.	100%	100%
	URSA CZ s.r.o.	0%	100%
Denmark	Etex Nordic A/S	100%	100%
Estonia	OÜ URSA Baltic	0%	100%
France	Etermat S.A.S.U.	100%	100%
	Eternit S.A.S.U.	100%	100%
	Etex Building Performance International S.A.S.	100%	100%
	Etex France Building Performance S.A.	100%	100%
	Etex France Exteriors	100%	100%
	Etex Materiaux de Construction S.A.S.	100%	100%
	Papeteries de Bègles S.A.S.	100%	100%
	Pincemin S.A.S.	69.40%	100%
	Pladur France S.A.S.	100%	100%
	URSA France S.A.S.	0%	100%
	URSA INSMAT France S.A.S.	0%	100%
Germany	Etex Building Performance GmbH	100%	100%
	Etex Germany Exteriors GmbH	100%	100%
	Etex Holding GmbH	100%	100%
	Promat Service GmbH	100%	100%
	URSA Deutschland GmbH	0%	100%
	URSA (INSMAT) Holdings GmbH	0%	100%
	URSA INSMAT GmbH	0%	100%
	Wanit Fulgurit GmbH	100%	100%
Hungary	URSA Salgótarján Zrt	0%	100%

		% equity interest 2021	2022
Italy	Edilit S.r.l.	100%	100%
	Etex Building Performance S.p.A.	100%	100%
	Etex Italia	100%	100%
	Immogit S.r.l.	100%	100%
	Promat S.p.A.	100%	100%
	Siniat Holding Italy S.r.l.	100%	100%
	URSA Italia S.r.l.	0%	100%
Ireland	Etex Ireland Limited	100%	100%
	Evolusion Innovation Int'l Ltd	60.00%	60.00%
	Evolusion Innovation Ltd	60.00%	60.00%
	Horizon Offsite Limited	100%	100%
	Tegral Holding Limited	100%	100%
Lithuania	UAB Eternit Baltic	100%	100%
Luxemburg	Eternit Investment S.à.r.l.	100%	100%
	Etex Asia S.A.	100%	100%
	Etex Finance S.A.	100%	100%
	Etex Luxembourg S.A.	100%	100%
	Maretex S.A.	100%	100%
	Merilux S.à.r.L.	100%	100%
	Poly Ré S.A.	100%	100%
Netherlands	Eternit B.V.	100%	100%
	Eternit Holdings B.V.	100%	100%
	Etex Building Performance B.V.	100%	100%
	Nefibouw B.V.	100%	100%
	Uralita Holding B.V.	0%	100%
Poland	Promat TOP Sp. z o.o.	100%	100%
	Siniat Polska Sp. z o.o.	100%	100%
	Siniat Sp. z o.o.	100%	100%
	URSA Polska Sp.Z.o.o	0%	100%
Portugal	EPISA SL	100%	100%
Romania	Etex Building Performance S.A.	100%	100%
	URSA Romania S.R.L.	0%	100%
Russia	Etex Russia	100%	100%
	URSA Eurasia LLC	0%	100%
Serbia	Etex Building Performance doo	100%	100%
	URSA Beograd doo	0%	100%
Slovakia	URSA SK S.R.O.	0%	100%
Slovenia	Promat d.o.o.	100%	100%
	URSA Slovenija d.o.o.	0%	100%
Spain	Almería Gypsum S.A.	100%	100%
	Euronit Fachadas y Cubiertas S.L.	100%	100%
	Pladur Gypsum	100%	100%
	Promat Ibérica S.A.	100%	100%
	Promat Inversiones S.L.	100%	100%
	URSA Ibérica Aislantes S.A.	0%	100%
	URSA Insulation S.A.	0%	100%
Switzerland	Etex Switzerland & Austria GmbH	100%	100%
Ukraine	Siniat Gips ALC	100%	100%
	Siniat Gips Ukraine LLC	100%	100%

		% equity interest 2021	2022
United Kingdom	Crucible Gypsum Recycling Ltd	100%	100%
	EM Holdings UK Ltd.	100%	100%
	Evolusion Innovation UK Ltd	60.00%	60.00%
	EOS Framing Limited	100%	100%
	EOS Offsite Solutions Limited	100%	100%
	Eternit UK Ltd.	100%	100%
	Etex (Exteriors) UK Limited	100%	100%
	Etex (U.K.) Limited	100%	100%
	Etex Building Performance UK Ltd.	100%	100%
	FSi Limited	100%	100%
	John Brash Ltd	100%	100%
	ML UK Holding Limited	100%	100%
	Promat Glasgow Ltd.	100%	100%
	Promat UK Ltd.	100%	100%
	Sigmat Ltd	100%	100%
	Sigmat Group Ltd.	100%	100%
	URSA UK Ltd.	0%	100%
Latin America			
Argentina	Durlock S.A.	100%	100%
	Eternit Argentina S.A.	99.44%	99.44%
	Siniat Holding Argentina S.A.	100%	100%
Brazil	Siniat Holding Brazil S.A.	100%	100%
	Siniat S.A. Mineração Indústria e Comércio	100%	100%
Chile	Centro de Servicios Compartidos SpA	99.83%	99.83%
	Empresas Pizarreño S.A.	99.83%	99.83%
	Inversiones Etex Chile Ltda.	100%	100%
	Inversiones San Lorenzo Chile S.A.	99.83%	99.83%
	New Ways Americas SpA	100%	100%
	Sociedad Industrial Pizarreño S.A.	99.77%	99.77%
	Sociedad Industrial Romeral S.A.	99.87%	99.87%
Colombia	Etex Colombia S.A.	99.95%	99.95%
	Gyplac S.A.	100%	100%
	Shared Services Colombia S.A.S	100%	100%
Ecuador	EBM Ecuador SA	100%	100%
	Icon Plus	51.00%	0.00%
Mexico	Servicios de Gestion S.A. de C.V.	100%	100%
	Servicios Atacama S.A. de C.V.	99.79%	99.79%
Peru	Etex Peru S.A.C.	100%	100%
	Fabrica Peruana Eternit S.A.	89.16%	89.16%
Uruguay	Eternit Uruguaya S.A.	97.50%	97.50%
Africa, Asia, Oceania, North America			
Australia	Promat Australia Pty Ltd.	100%	100%
	Etex Australia Pty Ltd	100%	100%
China	Eternit Guangzhou Building Systems Ltd.	66.65%	66.65%
	Promat International (Asia Pacific) Ltd.	100%	100%
	Promat Shangai Ltd.	100%	100%
India	Promat India	100%	100%
Indonesia	Etex BP Indonesia	94.93%	94.93%
Japan	Promat Japan	100%	100%
Malaysia	Etex Malaysia	100%	100%
Nigeria	Emenite Ltd.	56.87%	56.87%
	Eternit Ltd.	100%	100%
	Nigerite Ltd.	56.85%	56.85%
Singapore	Promat Building System Pte Ltd.	100%	100%
South Africa	Etex South Africa Building Systems	100%	100%
United Arab Emirates	Etex Middle East LLC	100%	100%
United States of America	Promat Inc.	100%	100%

Equity accounted entities

		% equity interest 2021	2022
Argentina	EBS S.A.	50.00%	0.00%
Brazil	Tecverde Egenharia	45.14%	46.00%
Chile	E2E	50.00%	50.00%
Germany	Lichtensteiner Brandschutzglas GmbH & Co. KG	50.00%	50.00%
	Neuwieder Brandschutzglas GmbH	50.00%	50.00%
Poland	Kopalnia Gipsu Leszcze S.A.	50.00%	50.00%
	Nida Media Sp. z o.o.	50.00%	50.00%
Switzerland	Promat AG	26.00%	26.00%

Note 31 – Subsequent events

In March 2023, Etex finalised the divestment of its stakes in its main joint ventures in Latin America, part of the New Ways offsite division: E2E in Chile and Tecverde in Brazil. Next to divestment of Icon Plus in both Argentina and Ecuador (the latter being fully consolidated), this decision to exit was made as the region appeared not to show as much offsite construction potential as Europe and is not helped by the current economic context.

Also in March 2023, an agreement was signed to acquire the Danish high temperature insulation expert Skamol; this agreement is subject to customary closing conditions.

Statutory auditor's report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY ETEX NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Etex 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 2021, following the proposal formulated by the board of directors, following the recommendation by the risk and 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 Company's consolidated accounts for 5 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, 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 explanatory 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'000 4,612,782 and a profit for the year of EUR'000 210,308.

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.

Health Claims – Note 20

Description of the key audit matter

As described in the Note 20, health claim provisions totalling mEUR 55.3 as at 31 December 2022 have been reported in the consolidated financial statements of Etex Group. In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. Even though we understand the use of asbestos has been banned in the entire Group, some companies may still receive claims relating to past exposure to asbestos. The provisions reflect the costs of the settlement of claims which are both probable and can be reliably estimated.

The matter is of most significance to our audit because the assessment process is complex, the potential risk varies depending on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company and involves significant management judgement. Assumptions and estimates used in valuing these provisions are, amongst others, related to:

- the number of employees involved;
- the likely incidence, the disease mix and the mortality rates;
- expected insurance cover;
- legislative environment.

Changes in assumptions and estimates used to value the environmental provisions may have a significant effect on the Group's financial position.

How our audit addressed the key audit matter

As part of our audit procedures, we have assessed management's process to identify asbestos obligations and changes in existing obligations in compliance with IAS 37 requirements. We assessed the accuracy, valuation and completeness of health claim provisions as per 31 December 2022. This assessment included:

- meetings with Group management;
- inquiries of in-house legal counsel;
- review of litigation reports;
- evaluate management's assessment including consistency in assumptions;
- analysis and back testing of the cash outflow projections;
- tracing of corroborative evidence of the amounts spent.

We found the assumptions and data used to be reasonable and in line with our expectations, management's methodology and estimates to be reasonable and the related disclosures appropriate.

Post-employment benefit obligations – Note 22

Description of the key audit matter

As described in Note 22, the Group has defined benefit pension plans of which the most significant are in the UK and Ireland. Through its defined benefit pension plans, the Group is exposed to a number of risks, mainly being:

- asset volatility, the pension plans hold significant investments in equities, bonds, cash, property and funds;
- actuarial assumptions including expected inflation, discount rate, future salary increases and mortality rates life expectancy.

The procedures over the post-employment benefit provisions were of most significance to our audit because the assessment process is complex and involves significant management judgement. Actuarial assumptions are used in valuing the Group's post-employment benefit plans. Small changes in assumptions and estimates used to value the Group's net post-employment benefit liability may have a significant effect on the Group's financial position. Technical expertise is required to determine these amounts.

The post-employment benefit provision as per 31 December 2022 in respect of both funded and unfunded plans consists out of defined benefit obligations (mEUR 975) offset by plan assets (mEUR 906).

How our audit addressed the key audit matter

We evaluated and challenged management's key actuarial assumptions (both financial and demographic) by performing independent testing of those assumptions supporting the Group's post-employment benefit obligation.

In performing the evaluation of the assumptions (being discount, inflation and salary increase rates and mortality / life expectancies), we utilized our internal specialists' knowledge to assess the reasonableness of the assumptions used by management.

We tested the participant census data as included in the actuarial reports obtained by the company and we obtained the valuation reports of the plan assets from the investment managers.

We found the assumptions and data used to be reasonable and in line with our expectations, management's methodology and estimates to be reasonable and company's disclosures of post-employment benefit provisions appropriate.

Impairment testing of goodwill, intangible assets and property, plant and equipment – Note 8, 9 and 10

Description of the key audit matter

The carrying value of the Group's goodwill, intangible assets & property, plant and equipment amounts to mEUR 3,003 as at 31 December 2022.

We consider this as most significant to our audit because the determination of whether or not an impairment charge for these assets is necessary involves significant judgement by the Directors and management about the future results of the business.

The impairment assessment holds a comparison of the recoverable amount of the Cash Generating Unit (CGU) and its specific assets to its carrying value: the CGU's were defined in compliance with the organizational structure as described in Note 9.

In particular, we focused on the reasonableness and impact of key assumptions including:

- cash flow forecasts derived from internal forecasts and the assumptions around the future performance;
- the discount rate and the long term growth rate including assessment of risk factors and growth expectations of the relevant territory;

How our audit addressed the key audit matter

We evaluated management's assessment of the indicators of impairment and challenged impairment calculations by assessing the future cash flow forecasts used in the models and the process by which they were drawn up, including comparing them to the latest internal forecasts presented to the Board of Directors.

We understood and challenged:

- assumptions used in the Group's internal forecasts and the long term growth rates by comparing them to economic and industry forecasts;
- the historical accuracy of forecasts to actual results to determine whether cash flow forecasts are reliable based on past experience;
- the discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organizations;
- the mathematical accuracy of the underlying calculations.

In performing the above work, we utilized our internal valuation experts to provide challenge and external market data to assess the reasonableness of the assumptions used by management.

We performed sensitivity analysis around the key drivers within the cash flow forecasts to ascertain the extent of change in those assumptions and also considered the likelihood of such a movement in those key assumptions arising.

Whilst recognizing that cash flow forecasting and impairment modelling are both inherently judgmental, we found that the assumptions used by management were within an acceptable range of reasonable estimates and company's disclosures of impairment assessment appropriate.

Responsibilities of the board of directors for the preparation of 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 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.

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 board of directors and the risk and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors and the risk and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors and the risk and 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 and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our mandate 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

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.

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.

Antwerp, 5 April 2023

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

Peter Van den Eynde
Réviseur d'Entreprises / Bedrijfsrevisor

Non-consolidated accounts of Etex N.V.

The annual accounts of Etex N.V. are presented below in a summarised form.

In accordance with the Belgian Company Code, the annual accounts of Etex N.V., together with the management report and the auditor's report, will be registered at the National Bank of Belgium.

These documents are also available upon request at:

Etex N.V.
Group Finance Department
Passport Building | Luchthaven Brussel Nationaal | Gebouw 1K
1930 Zaventem

The auditors have expressed an unqualified opinion on the annual statutory accounts of Etex N.V.

Summarised balance sheet

in thousands of EUR	2021	2022
Fixed assets	**2,055,332**	**3,020,014**
Tangible and intangible assets	1,753	1,639
Financial assets	2,053,579	3,018,375
Current assets	**32,413**	**29,612**
TOTAL ASSETS	**2,087,745**	**3,049,626**
Capital and reserves	**1,417,370**	**2,003,495**
Capital	2,533	2,533
Share premium	743	743
Reserves	1,414,094	2,000,219
Provisions	**15,732**	**20,477**
Creditors	**654,643**	**1,025,654**
TOTAL EQUITY AND LIABILITIES	**2,087,745**	**3,049,626**

Summarised income statement

in thousands of EUR	2021	2022
Operating income	67,680	60,012
Operating charges	-62,978	-71,241
Operating result	**4,702**	**-11,229**
Financial result	-3,210	674,433
Profit / <loss> before taxes	**1,492**	**663,204**
Income taxes	-76	-39
Profit / <loss> for the year	**1,416**	**663,165**
Release of tax free reserves	-	-
Profit / <loss> for the year to be appropriated	1,416	663,165

The financial result includes non-recurring items for €0 thousand in 2022, and €0 thousand in 2021.

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on 24 May 2023 a net dividend of €0.6510 per share. The proposed gross dividend is €0.93 per share.

Appropriation account

in thousands of EUR	2021	2022
Profit / <loss> to be appropriated	**1,416**	**663,165**
Profit / <loss> for the year to be appropriated	1,416	663,165
Appropriation of the result	**1,416**	**663,165**
Transfer to/from reserve	68,168	-586,126
Profit to be distributed	-69,584	-77,039

Statutory nominations

The renewal of mandate as Independent Directors of MucH BV, represented by its permanent representative Muriel De Lathouwer, and ViaBylity BV, represented by its permanent representative Hans Van Bylen, will be proposed at the Shareholders' Meeting of 24 May 2023.

Glossary

The definitions below relate to alternative performance measures.

Capital employed
Non-cash working capital plus property, plant and equipment, goodwill and intangible assets, investment properties and non-current assets held for sale.

Capital expenditure
Acquisition of property, plant and equipment, intangible assets and investment properties, excluding acquisitions through business combination.

Effective income tax rate
Income tax expense divided by the profit before income tax and before the share of result in investments accounted for using the equity method, expressed as a percentage.

Free Cash Flow
Free cash flow is the sum of the cash flow from operating activities, interest paid and received, dividends received less capital expenditure.

Net financial debt
Current and non-current financial liabilities, including capital leases, less current financial assets and cash or cash equivalents.

Net recurring profit (Group Share)
Net profit for the year before non-recurring items, net of tax impact and attributable to the shareholders of the Group.

Revenue
Includes the goods delivered and services provided by the Group during the period, invoiced or to be invoiced, net of discounts, rebates and allowances.

Non-recurring items
Income statement items that relate to significant restructuring measures and business transformations, health claims and environmental remediation, major litigation, and goodwill impairment, income or expenses arising from disposal of businesses or non-productive assets and other significant one-off impacts such as those relating to long term employee benefits settlements.

Operating income or EBIT (earnings before interest and taxes)
Income from operations, before financial charges and income, the share of result in investments accounted for using the equity method and income tax expenses.

Operating cash flow or EBITDA (earnings before interest, taxes, depreciation and amortisation)
Operating income before charges of depreciation, impairment or amortisation on tangible and intangible fixed assets.

Net profit (Group share)
Profit for the year attributable to the shareholders of the Group.

Recurring distribution rate
Gross dividend per share divided by the net recurring profit (Group share) per share, expressed as a percentage.

Recurring operating income (REBIT)
Income from operations, before non-recurring items and before financial charges and income, share of result in investments accounted for using the equity method and income tax expenses.

Recurring operating cash flow (REBITDA)
Recurring operating income before charges of depreciations, impairment or amortisation on tangible and intangible fixed assets.

Return on capital employed (ROCE)
Operating income divided by the average capital employed (at the beginning of the year plus at the end of the year divided by two), expressed as a percentage.

Theoretical income tax expenses
Country-based nominal tax rate applied to the profit before taxes of each entity.

Weighted average nominal tax rate
Country-based nominal tax rate applied to the profit before taxes of each entity divided by the Group's profit before income tax and before the share of result in investments accounted for using the equity method, expressed as a percentage.

Weighted average number of shares
Number of issued shares at the beginning of the period adjusted for the number of shares cancelled or issued during the period multiplied by a time-weighting factor.

GRI content index

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GRI content index

This is our GRI content index which indicates our alignment with the GRI Standards for the general disclosures and our material topic areas. It offers a quick navigation to where these can be found in the report. We have tried to report in full accordance with most disclosures. Where this has not been possible, we have indicated them in the 'coverage' and included explanations where relevant.

For more information on our GRI disclosures, please refer to the correct chapter within the report.

Disclosure	Number	Disclosure Title	Response	Coverage
General disclosures				
GRI 2	2-1	Organisational details	Etex NV is a private company and its securities are not traded on a regulated market. It is headquartered in Zaventem, Belgium (company registration number RPM: 0400.454.404). For countries of operations, see map on p.8.	Full
	2-2	Entities included in the organisation's sustainability reporting	Inside cover – disclaimers On 1st June 2022, Etex completed the acquisition of URSA, with 1,329 employees joining.	Full
	2-3	Reporting period, frequency and contact point	Reporting period runs from 1 Jan 2022 to 31 Dec 2022. To compare progress and data on our material topic areas, please review our previous reports: 2021 Sustainability Report, 2021 Annual Report.	
	2-4	Restatements of information	Our insulation business (URSA) was acquired in June 2022; therefore data from URSA covers a 7 month period from June 2022.	Full
	2-5	External assurance	No external assurance for our non-financial data was conducted in 2022; however, we did conduct a pre-assurance assessment with an external party to consider for future reports.	Full
	2-6	Activities, value chain and other business relationships	Etex operates in the manufacturing sector and is defined through five divisions; Building performance, Exteriors, Industries, New ways and Insulation. We provide lightweight solutions to our customers, including fibre cement and plasterboard applications, offsite and modular building systems, high performance and fire protection.	Full
	2-7	Employees	**Total** • 13,912, F: 2,548, M: 11,364 **Region** • Europe: 9,149, Asia-Pacific: 1,569, Americas: 2,601, Africa: 593 **Contract** Permanent • 13,197, F: 2,411, M: 10,786 • Europe: 8,748, Asia-Pacific: 1,567, Americas: 2,290, Africa: 592 Temporary • 715, F: 137, M: 578 • Europe: 401, Asia-Pacific: 2, Americas: 311, Africa: 1 Full-time • 13,634, F: 2,371, M: 11,263 • Europe: 8,900, Asia-Pacific: 1,554, Americas: 2,587, Africa: 593 Part-time • 278, F: 177, M: 101 • Europe: 249, Asia-Pacific: 15, Americas: 14 No employees are on a non-guaranteed hourly contract. Numbers refer to the Etex group employees headcount, as of 31/12/2022. This only includes employees who have a work contract directly with Etex. Personnel numbers above are headcounts, including temporary contracts, and not, as in Note 3 of Financial Report, full time equivalent excluding temporary personnel.	Full

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Disclosure	Number	Disclosure Title	Response	Coverage
GRI 2	2-8	Workers who are not employees	About Etex Health, safety & well-being We have workers who work for 3rd parties and are not in the HRIS system.	Full
	2-9	Governance structure and composition	Relevant decisions approved by the Shareholders' meeting on 25 May 2022: • Renewal of the mandate of Bernadette Spinoy as Independent Director for a term of 3 years. • Resignation of Gustavo Oviedo as Independent Director of Etex, having reached the age limit. • Appointment of Ines Kolmsee as Independent Director for a term of 3 years.	Full
	2-10	Nomination and selection of the highest governance body	The People Committee assists the Board with appointments, selection, renewals, succession planning, assessing composition and size, proposals regarding remuneration, supervising share option plans, monitoring talent development, and reviewing continuous improvement on culture, H&S and diversity & inclusion.	Full
	2-11	Chair of the highest governance body	The Chair of the highest governance body is Johan Van Biesbroeck.	Full
	2-12	Role of the highest governance body in overseeing the management of impacts	Etex's Board of Directors sets the overall group strategy, decides on major investments and monitors all corporate activities. Throughout 2022 the Board reflected on purpose, value, mission, policies and goals related to sustainable development with a particular focus on the Sustainability Roadmap 2030.	Full
	2-13	Delegation of responsibility for managing impacts	To assist and advise the Board on specific matters, the Board has four advisory committees: Strategy Committee, Risk and Audit Committee, People Committee and Sustainability Committee. Day-to-day responsibility of Etex is managed by the Executive Committee. Updates from the Executive Committee are given to the Board during every Board meeting.	Full
	2-14	Role of the highest governance body in sustainability reporting	The Board approves initiatives relating to sustainability and corporate social responsibility upon recommendations by the Sustainability Committee. Both bodies promote a culture that sets high standards for sustainability and reviews performance against those standards. They also monitor and review Etex's policies on sustainability.	Full
	2-15	Conflicts of interest	Corporate Governance Charter	Partial
	2-16	Communication of critical concerns	None	Full
	2-17	Collective knowledge of the highest governance body	We have discussed training with the Board on sustainability, including starting with regulations and reporting and intend to keep this as an action for the near future.	Partial
	2-18	Evaluation of the performance of the highest governance body	The Board proceeds to review its size, composition, performance and those of its committees at least every three years. The People Committee is responsible for monitoring and reviewing the effectiveness of the Board.	Partial
	2-19	Remuneration policies	Corporate Governance Charter	Partial
	2-20	Process to determine remuneration	Corporate Governance Charter	Full
	2-21	Annual total compensation ratio	We do not currently have this information available.	Not disclosed
↓	2-22	Statement on sustainable development strategy	See message to stakeholders, p. 5	Full

Disclosure	Number	Disclosure Title	Response	Coverage
GRI 2	2-23	Policy commitments	The Etex Way Code of Conduct Health, safety & well-being	Full
	2-24	Embedding policy commitments	The Etex Way Code of Conduct	Full
	2-25	Processes to remediate negative impacts	Delivering on our sustainability strategy Operational Excellence, Engaged People, Sustainability & Innovation The Etex Way Code of Conduct	Full
	2-26	Mechanisms for seeking advice and raising concerns	SpeakUp Policy and Line in place for employees to report confidentially any concerns or violations, which is managed via a third party. Details provided to employees in Employee Handbook. The Etex Way Code of Conduct	Full
	2-27	Compliance with laws and regulations	The Etex Way Code of Conduct Etex was not fined for any significant breaches of laws or regulations in the reporting period.	Full
	2-28	Membership associations	• Eurogypsum (Etex is Board member and assumed the presidency in 2022/2023) • European Federation of Fibre Cement Manufacturers • European Association of Passive Fire Protection • Fire safety Europe • Passive Fire Protection Network • Society for Fire Protection Engineers Europe (Etex is a Board member) • European Insulation Manufacturers Association • European Extruded Polystyrene Insulation Board Association	Full
	2-29	Approach to stakeholder engagement	See page on our stakeholders, p. 17	Full
	2-30	Collective bargaining agreements	Collective bargaining agreements cover 75.3 % of our workforce.	Partial
GRI 3	3-1	Process to determine material topics	See details in chapter Delivering on our sustainability strategy, p. 25	Full
	3-2	List of material topics	Delivering on our sustainability strategy, p. 25	Full
	3-3	Management of material topics	See the following chapters: Delivering on our sustainability strategy Engaged People, p. 30 Operational Excellence, p. 33 Customer Experience & Commercial Excellence, p. 39 Sustainability & Innovation, p. 42	Full

Disclosure	Number	Disclosure Title	Response	Coverage
Engaged people (Read more)				
GRI 401	401-1	New employee hires and employee turnover	**New hires** • Total - 1,875 (1,700 through our acquisition of URSA) • Gender - F: 438, M: 1,437 • Age - <30: 652, 30-39: 676, 40-49: 352, >50: 187 • Region - Europe: 1,117, Americas: 529, Asia-Pacific: 190, Africa: 37 • Rate - 15.46% **Turnover** • Rate - 15.3%	Partial
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Careers Page – Benefit section • Contributory pension scheme • Discretionary bonus schemes • Employee assistance programme • Childcare vouchers • Cycle to work scheme	Partial
GRI 404	404-1	Average hours of training per year per employee	Digital learning • 27,784 hours, 5,527 learners Global induction • 4,220 hours, 422 newcomers participated in our Global Induction Programme Leadership • 2,611 hours, F: 544, M: 2,068 Global Talent Programmes • 1,662 hours, F: 727, M: 935 First Line Managers Programme • 15,464 hours	Partial
	404-3	Percentage of employees receiving regular performance and career development reviews	Our performance cycle includes a development conversation and plan covering career ambitions. Office workers are covered through Etex Talent. Factory workers are covered through the 3-year master plan in Factory of Tomorrow. 52.3% of employees received a regular performance and career development review. This figure does not include employees who joined through our URSA acquisition in June 2022, left Etex or planned to leave in early 2023, or joined Etex in the last quarter.	Partial

Disclosure	Number	Disclosure Title	Response	Coverage
GRI 405	405-1	Diversity of governance bodies and employees	**Board (12 members)** • Gender - F: 33%, M: 67% • Age - Under 30: 0%, 30-50: 33%, Over 50: 67% **ExCom (12 member positions)** • Gender - F: 25%, M: 75% • Age - Under 30: 0%, 30-50: 17%, Over 50: 83% **Factory workers** Gender - F: 5%, M: 95% Age • Under 30 - F: 5%, M: 95% • 30-40 - F: 5%, M: 95% • 40-50 – F: 5%, M: 95% • Over 50 – F: 5%, M: 95% **Office workers** Gender – F: 35%, M: 65% Age • Under 30 – F: 44%, M: 56% • 30-40 – F: 40%, M: 60% • 40-50 – F: 33%, M: 67% • Over 50 – F: 29%, M: 71%	Partial
GRI 406	406-1	Incidents of discrimination and corrective actions taken	Three incidents in the reporting period. We have currently reviewed one of the incidents and implemented remediation plans.	Partial
Operational Excellence (Read more)				
GRI 3	3-3	Management of material topics	All manufacturing leaders, and in particular, the plant managers are accountable for the safety performance of their plant. They are assisted by the HSE managers who are co-accountable.	Full
Health & safety				
GRI 403	403-1	Occupational health and safety management system	Covers all Etex employees which includes anyone on the Etex payroll; permanent employees, temporary or hired employees and permanent contractors. Non-permanent contractors are excluded.	Full
	403-2	Hazard identification, risk assessment, and incident investigation	We complete systemic Hazard Identification and Risk Assessments (HIRA) of all routine tasks and measure results through assessments and reporting processes.	Full
	403-3	Occupational health services	Workers and permanent contractors at sites have free access to medical monitoring services including during working hours. This is delivered by competent individuals either internal (for large entities) or external with recognised qualifications or accreditation. Monitoring is organised at minimum once a year.	Full

Disclosure	Number	Disclosure Title	Response	Coverage
GRI 403	403-4	Worker participation, consultation, and communication on occupational health and safety	Regular meetings organised by H&S committees help drive internal dialogue. Our committees are a legal requirement in most countries and include elected worker representation and secretary at almost every factory. The outcomes of the mostly monthly or bi-monthly meetings are displayed at the workers, information panels. We updated a number of EHS global documents in 2022: Logistics Standard, Compliance with the Etex Standard, Instructions for existing lifting tables, Modified job, Etex 8 Golden Rules for the Safe Use of Smartphones.	Full
	403-5	Worker training on occupational health and safety	Training is conducted through our SafeStart programme. Hours of H&S training on average per employee was 22.5.	Full
	403-6	Promotion of worker health	We run well-being initiatives, vaccine programmes and employees have access to our 24/7 Employee Assistance Programme.	Full
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	We run well-being initiatives, vaccine programmes and employees have access to our 24/7 Employee Assistance Programme.	Full
	403-8	Workers covered by an occupational health and safety management system	Our Project Team worked in 2022 to develop KPIs broken down into Etex employees, temporary hired staff and permanent contractors. Reporting started in January 2023, so we will be able to report on this from 2024. Whether a company is ISO 45001 certified or not (25% of all sites), it is recorded in our Site Excellence Tool. As sites certified according to ISO 45001 have to have internal audits, we would calculate that 62% of Etex employees, temporary hired employees and permanent contractors are covered by these internal audits.	Partial
	403-9	Work-related injuries	There were no fatalities or high consequence work-related injuries for workers who are not employees of Etex.	Partial
	403-10	Work-related ill health	2 cases of recordable work-related illness were reported in 2022 for employees. There were no fatalities or cases of work-related ill health for workers who are not employees at Etex. We follow the hierarchy of controls to mitigate any risks related to worker-related illness.	Partial
GRI 416	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None	Full
GRI 414	414-1	New suppliers that were screened using social criteria	865 suppliers were screened via the EcoVadis platform until end of 2022. They represent 20% of direct spendings.	Partial
	414-2	Negative social impacts in the supply chain and actions taken	20% of suppliers screened via EcoVadis fell under the minimum threshold on the following topics: • Reporting CO_2 emissions • Global Compact signatory • Evidence of actions on working conditions • CDP respondent • Reporting on Scope 3 GHG emissions	Partial

Disclosure	Number	Disclosure Title	Response	Coverage
Customer experience & Commercial excellence (Read more)				
GRI 3	3-3	Management of material topics	Customer experience & commercial excellence	Full
Sustainability & Innovation (Read more)				
Decarbonisation				
GRI 305	305-1	Direct (Scope 1) GHG emissions	832,491 tCO_2e	Full
	305-2	Energy indirect (Scope 2) GHG emissions	195,382 tCO_2e - location based 164,154 tCO_2e - market based	Full
	305-3	Other indirect (Scope 3) GHG emissions	2,368,000 tCO_2e	Full
	305-4	GHG emissions intensity	0.12 (scope 1 & 2) metric tons of CO_2e/tons of saleable products	Full
	305-5	Reduction of GHG emissions	The base year for our scope 1 and 2 emissions is 2018, when we started to consolidate these group-wide. However, due to acquisitions the scope of the group's operations has changed since 2018. From our 2018 baseline, absolute GHG emissions for scope 1&2 decreased by 19.9%. Acquisitions related to our gypsum activities in Australia (2021) and insulation activities across Europe (URSA, 7 months in 2022) are included. There is currently no off-setting of our emissions.	Full
	305-7	Nitrogen oxides (NOx), sulfur oxides (Sox) and other significant air emissions	Our total scope 1 and 2 emissions include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O).	Full
GRI 302	302-1	Total energy consumption	5,431 GWh	Full
GRI 302	302-1	Total fossil fuel consumption (natural gas, oil based liquid fuels, propane)	4,546 GWh	Full
	302-1	Green electricity purchased and produced (%) out of total electricity	74%	Full
	302-1	Energy consumption within the organisation	Energy source consumed (GWh) • Natural gas – 4,457 • Electric power - 757 • Oil based liquid fuels - 61 • Heat – 128 • Propane – 28 Green • Green power (electricity purchased with GO) – 553 • Locally generated (solar, PV panels) – 6	Partial
	302-3	Energy intensity	699.41 kWh/tonnes of saleable products	Partial

Disclosure	Number	Disclosure Title	Response	Coverage
Circularity				
GRI 306	306-1	Waste generation and significant waste-related impacts	We have five priority areas defined for waste including, zero landfilling, increasing circular input as a raw material, recycling packaging, creating take-back opportunities and increasing innovation. Circularity and waste extends across our full value chain.	Full
	306-2	Management of significant waste-related impacts	Our sites collect local waste figures and submit these to a central app. The data is consolidated and analysed to help us track our progress and support the prioritisation of the most impactful waste management measures. We currently do not centrally collect the weight of production waste which is fed back into the production process. A central mapping of all onsite recycling and re-use is planned for 2023.	Full
	306-3	Waste generated	220,285 tonnes	Full
	306-4	Waste diverted from disposal	149,227 tonnes	Partial
	306-5	Waste directed to disposal	71,057 tonnes	Partial
	306-5	Waste to landfill	64,064 tonnes	Full
	306-5	Non hazardous waste to landfill	61,732 tonnes	Full
	306-5	Hazardous waste to landfill	2,333.35 tonnes	Full
	306-4	Waste reused	11,278 tonnes	Full
	306-4	Non-hazardous waste reused	11,241 tonnes	Full
	306-4	Hazardous waste reused	37 tonnes	Full
	306-4	Waste recycled	137,949 tonnes	Full
	306-4	Non-hazardous waste recycled	127,902 tonnes	Full
	306-4	Hazardous waste recycled	10,047 tonnes	Full
	306-5	Waste incinerated with energy recovery	4,129 tonnes	Full
	306-5	Non-hazardous waste with energy recovery	3,268 tonnes	Full
	306-5	Waste incinerated without energy recovery	2,875 tonnes	Full
	306-5	Non-hazardous waste without energy recovery	1,702.67 tonnes	Full
	306-5	Hazardous waste without energy recovery	1,173.27 tonnes	Full

Disclosure	Number	Disclosure Title	Response	Coverage
Water				
GRI 303	303-1	Interactions with water as a shared resource	Sites are in contact with their water providers and external wastewater treatment plants. Sites also engage with local stakeholders when water is a shared resource: local farmers associations, town, etc.	Full
	303-2	Management of water discharge-related impacts	Sites comply with local regulations and wastewater discharge permits.	Partial
	303-3	Water withdrawal	6,052.13 megaliters Freshwater - 4,782.2 megaliters	Partial
	303-3	Water withdrawal intensity	0.78 m^3/t	
	303-4	Water discharge	Water discharge is not equally monitored at all our sites. Etex is working on having proper water balance in place in our facilities in a near future.	Not disclosed
	303-5	Water consumption	Water consumption is not equally monitored at all our sites because water discharge is not systematically measured yet. Etex is working on having proper water balance in place in our facilities in the near future.	Not disclosed
Biodiversity				
GRI 304	304-2	Significant impacts of activities, products and services on biodiversity	Etex activities have an impact on Biodiversity, especially at our quarries, such as habitats loss, creation or transformation. Impacts may hence be negative or positive, but Etex is committed to working towards biodiversity enhancement at our quarries and assessing risks and opportunities at our manufacturing sites as per our biodiversity policy.	Partial
	304-3	Habitats protected or restored	At Etex we protect and restore habitats through the management of our quarries. From 2023 onwards, a new biodiversity workstream will be focusing on collecting more data on biodiversity to be able to disclose actual and verified figures.	Partial

The 10 most relevant SDGs for Etex

Based on the input of Etex Senior Leaders, 10 SDGs (in order of priority) were selected as the most relevant for the Company.

3 Good health and well-being

4 Quality education

5 Gender equality

6 Clean water and sanitation

7 Affordable and clean energy

8 Decent work and economic growth

9 Industry, innovation and infrastructure

11 Sustainable cities and communities

12 Responsible consumption and production

13 Climate action

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