

Meeting the needs of the world

Annual Report 2021





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Teammates?

Why do we call Etex colleagues 'teammates'? We are inspiring colleagues for each other and inspiring partners for our customers. We are highly ambitious to make a difference in improving quality of living for all. We can only achieve that goal if we collaborate and do good for those closest to us. In line with our 'Connect and Care' value, caring for our fellow teammates is key to put our joint purpose into practice. Each and every one of us can shine and should be proud to be an active member of the Etex team, across countries and cultures. Team spirit drives our collaborative culture.

Disclaimer

This report 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.

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Comment on the pictures used in this Annual Report

The pictures shown in Etex's Annual Report 2021 are in line with the company's safety regulations, which align – or in most cases, exceed – the application of local COVID-related policies. Any pictures which do not reflect the application of such rules have been shot before March 2020 or after local COVID-related restrictions had been lifted.



Bernard Delvaux,
CEO of Etex

WATCH VIDEO



About strategy

Four years ago, Etex redefined its ambition of becoming a global player in lightweight and more sustainable building solutions. The company is taking its purpose of “inspiring ways of living” to heart and has meticulously executed its strategy in 2021.

[Watch Bernard's interview](#)

A photograph of a middle-aged man with a grey beard and safety glasses, wearing a blue high-visibility vest over a dark blue shirt. He is wearing black gloves and is working with a large roll of grey material on a conveyor belt in a factory. In the background, there is industrial machinery, including a control panel with a screen and buttons, and yellow overhead cranes.

Etex in 2021

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Bernard Delvaux
CEO

Johan Van Biesbroeck
Chairman of the
Board of Directors

Performing together to inspire a sustainable world

2021 was a pivotal year for Etex, a year of outstanding performance and significant delivery on our purpose and strategy. Our new Chairman Johan Van Biesbroeck assumed his role mid-2021, followed by our new CEO Bernard Delvaux in January 2022. To ensure a smooth transition, Bernard already joined Etex in September last year. Two new members also joined, the Executive Committee last year. In the background, COVID continued to affect people's lives, while the economy experienced major disruptions. Despite this, our solutions are seeing strong market demand, which tells us that people still dream about a better place to live, inspired by us. Our daily actions also continued to be driven by our three core values: Connect and Care, Passion for Excellence and Pioneer to Lead.

Strong delivery on our strategic roadmap over the past four years

In 2018, Etex redefined its ambition of becoming a global player in lightweight and more sustainable building solutions. The results so far have been impressive. In just four years, we have **completely shifted our portfolio of activities** to mirror this ambition.

From 2019 to 2020, we gradually divested all our clay and concrete roof tile businesses as part of **exiting non-lightweight building technologies**. This process came to a close with the divestment of Creaton in October 2020.

In a bid to **strengthen our plasterboard business**, December 2018 saw us acquire **Pladur**, a leading Spanish

manufacturer of gypsum products. Then, in November 2019, Etex announced the building of **a new plasterboard plant in Bristol, UK**. This is the largest investment of its kind in Etex's history and represents our fifth new plant since 2015. In September 2020, our fire protection expertise was also bolstered by acquiring **FSi Limited**, a British company specialised in passive fire protection solutions and heavily focused on fire stopping. Finally, in early 2021 we completed the acquisition of a **top three player in Australia's plasterboard market**. Over the course of the year, we successfully integrated this business, notably by fully rebranding it with Siniat (read more on [p. 29](#)).

Starting in 2018, Etex also launched **a new growth pillar dedicated to modular and offsite building solutions**. Etex and its partner Arauco created the **joint venture E2E** to develop and manufacture complete construction solutions composed of panels, wooden

interior structures and external boards. Etex then created the **New Ways division** in early 2020, which is fully focused on lightweight, industrialised, offsite building solutions. 2021 saw **four new companies** acquired in Europe (read more on [p. 11](#)).

As for our **fibre cement activities**, we have continued to deliver on our growth plan, while the brand architecture has been optimised.

In addition to the major steps above, we boosted our lightweight solutions portfolio by acquiring, early this year, thermal and acoustic insulation expert **URSA**, a European leader in its field offering an opportunity to create another growth platform. Although this latest acquisition is still subject to the customary closing conditions, it was a milestone for Etex, as it **signals our entry into the glass mineral wool and extruded polystyrene (XPS) insulation business**, which will be integrated as a separate division. Demand

for insulation materials is being driven by EU regulations to tackle global warming (read more on [p. 12](#)).

The future integration of URSA enables us to **further refine our strategic framework**, which today focuses on **four drivers** across our **five technologies**: plasterboard, fibre cement, passive fire protection, offsite and modular solutions, and insulation (see next page).

How did Etex perform in 2021?

We posted **outstanding financial results** with **records for revenue** (EUR 2,972 million, +18.7% like-for-like; driven mostly by a booming market, especially in the home repair and renovation segment), **REBITDA performance** (EUR 570 million, +25.7% like-for-like), **REBITDA margin** (19.2%) **and net recurring profit**

ETEX IN 2021

Message to shareholders

(Group share) (EUR 268 million, +24.4%). The level of **free cash flow generation** (EUR 184 million) reached new heights compared to 2019 (2020 being an “abnormal year” due to the COVID-19 pandemic).

There was a slowdown in terms of revenue and REBITDA starting in September due to the scarcity of raw materials and supply challenges impacting most economic areas and leading to **unprecedented inflation and price increases**.

At the Shareholders’ Meeting on 25 May 2022, the Board of Directors of Etex will propose to **increase the gross dividend** on the 2021 profit with 20%, to EUR 0.84 per share.

Etex’s CFO Mel de Vogue shares his detailed comments on the company’s 2021 financial results on [p. 22](#).

Focus on our four drivers

Engaged people

We continued to put people at the heart of everything we do, guided by the Etex values and Leadership Principles.

We kicked off our journey toward a more engaged Etex with our first global engagement survey, **‘Me & Etex’**, back in 2018. We followed this up in 2020 with a shorter, fully digital survey to collect feedback, measure progress made so far and gain a clear understanding of how Etex could improve during COVID times. In 2021, we ran a full engagement survey, registering a fantastic 84% participation rate from our teammates, up 16% on 2018. We also achieved an **86% engagement rate** across Etex, up 15% on 2018 and 6%

above sector peers. The survey, which is set to continue in the future, tells us about our teammates’ experience at Etex and helps us boost both their well-being and the company’s performance (read more on [p. 52](#)).

We acknowledge outstanding performances of our teammates through the **Etex Awards**, linked to the three Etex values, Passion for Excellence, Connect and Care and Pioneer to Lead, through three levels of recognition. Since the inaugural 2020 Awards, it has become a celebrated event across all our countries. Last year, more than 2,200 Etex Awards were handed out to teammates worldwide (read more on [p. 53](#)).

In April 2021, we launched the first of three **28-day Etex Challenges**, with 3,000 teammates signing up. The goal was to bring teammates together worldwide, motivate them to complete activities for **improved physical and mental well-being**, and raise money for charity. Etex teammates logged an incredible **760,000 km** of distance-based activities, resulting in more than EUR 17,000 donated to the NGO Habitat for Humanity (read more on [p. 53](#)). We also introduced LifeWorks in Q4, an **employee assistance programme** offering free and confidential assessments, short-term counselling, referrals, and follow-up services to employees and family members with

personal and/or work-related issues (read more on [p. 53](#)).

Operational excellence

In 2018, we introduced **One Etex**: a global movement that aims to create an integrated company by aligning processes, activities and collaboration to take performance and customer focus to new heights. Since then, One Etex has borne fruit in terms of excellent global collaboration and performance.

In a difficult context, **our Purchasing and Supply Chain teams and processes have been challenged**. The value of the various transformational programmes put in place in the last three years was

demonstrated, and the robustness and agility of our teams confirmed through all the events, from Brexit to supply chains disruptions or inflation.

One Etex notably allowed us to **adapt successfully to high market demand and raw materials shortages** at the supply chain and manufacturing levels last year, despite a highly volatile environment. We also continued to **adapt our manufacturing footprint** to stay competitive, with three plants closed in 2021. In parallel, we ran several **capital expenditure projects** totalling nearly EUR 200 million for capacity increases or new facilities.

In 2021, we invested EUR 35 million in **improvements to our production facilities**, which represent more than 2% of our manufacturing costs. This was achieved through technical projects and the systematic implementation of the Continuous Improvement methodologies which are part of our Etex Production System.

In 2021, our **safety performance** was comparable to 2020, with a sharp reduction in the frequency of lost-time accidents and the total frequency of lost-time and medical aid accidents. Despite this, we sadly recorded two fatal accidents of workers of our contractors in Latin America, a stark reminder that there is no room for complacency (read more on [p. 54](#)).





Paul Van Oyen

At the end of 2021, Paul Van Oyen came to the end of his seven-year mandate as CEO of the company and decided not to extend this. Paul spent 31 years at Etex, first joining the company in 1990 as a laboratory and project manager in the R&D department, eventually becoming CEO in January 2015.

His notable achievements include building a purpose- and people-driven performance organisation, fine-tuning the leadership approach, launching the One Etex movement, and diligently guiding Etex through the pandemic. He also designed Etex’s lightweight construction strategy, leading to major disposals and acquisitions and to the creation of a new division dedicated to modular and offsite construction.

I would like to take this opportunity to sincerely thank Paul for his resolute dedication, inspiring leadership and standout achievements, and on behalf of Etex to wish him all the best in his “new life”.

Johan Van Biesbroeck,
Chairman of the Board of Directors

The First Line Manager programme, a people-oriented initiative, was launched in 2020. By empowering our managers and supporting them in their **leadership development,** we are investing in their engagement and boosting their effectiveness as leaders. By the end of 2021, close to 160 Shift Leaders were involved in this leadership development journey, and we also introduced two additional development programmes (read more on [p. 52](#)).

Customer experience and commercial excellence

In such a challenging 2021 environment, we still managed to carry out many improvement initiatives across all processes and channels, leading to an **increased NPS** (Net Promoter Score) in key countries. We **refined our business model** by better understanding our markets,

delivered **organic growth** and **increased efficiency and profitability,** and are recognised as a **leading player,** including in innovation and price management.

Today we have **renewed ambitions.** One Etex gave us a new and improved CRM solution and digital tools to build on, with COVID pushing Etex to perform successfully in different ways. There are opportunities for a harmonised business model across all our markets, and we want to disrupt the market digitally.

Accelerating our digital transformation and devising new ways of interacting with customers will help us achieve these ambitions. The **My Etex digital platform,** centralising all information and actions across every brand and division, is available to all customers worldwide to improve their digital experience. Trading customers can now place orders directly online. We

have also optimised our ability to provide product information to customers via our websites, campaigns, social media channels and search engines. Our enhanced, centralised and stabilised digital marketing platforms provide the right information, at the right time, on the right channel.

Sustainability and innovation

Our purpose is to inspire ways of living. We are building our future on product and service solutions that support the **transition towards a sustainable society and economy.** With our portfolio now focused on lightweight construction solutions, sustainability is the next large strategic transformation for Etex.

The advantages of lightweight materials and offsite construction solutions range from reduced raw materials, energy

consumption, waste and emissions to increased long-term circularity via deconstruction, reuse and recycling. The planned integration of URSA will be instrumental here, as URSA provides proven, workable solutions with strong sustainability performance. In our innovation efforts, we are aiming for the next level in sustainability by designing smart industrial processes, materials and systems that improve the efficiency of the entire value chain, the use or reuse of raw materials, energy reduction and water management.

In 2021, Etex published its **first-ever Sustainability Report,** focusing on five themes: people, safety and well-being, community relations, environment and the shift to a circular economy. The report highlights some of Etex’s major commitments. In 2020, the company became a signatory of the United Nations Global Compact (UNGC) for sustainable and responsible business practices, and committed to the 17 Sustainable Development Goals (SDGs) of the United Nations. Following a thorough internal assessment process in 2020, we

have decided to prioritise the following sustainability areas: **health, safety & well-being, decarbonisation, circularity, diversity & inclusion, and education.** Etex also monitors its environmental, social and governance (ESG) risk exposure. In 2021, our rating of 18.1 out of 100 indicates our low risk exposure and favourable ranking amongst peers. This has enhanced our ability to secure capital through sustainability-linked loans, where the interest margin is coupled to the borrower’s fulfilment of environmental, social and governance criteria.

Our 2030 goals are ambitious, but in line with or slightly better than industry peers. We have worked hard to translate our ambitions into action plans and targets. These will be revealed in our next Sustainability Report, to be released later this year.

What does 2022 have in store for us?

We need to remain cautious during this volatile period, and to focus on closely

monitoring the stability of demand against a backdrop of high material cost, ensuring thorough price-over-cost management, adapting to potential material shortages and new price increases, and maintaining the free cash flow discipline. **Volatility has become the “new normal”** for a number of years and will largely continue in 2022. This has been further confirmed by the conflict between Russia and Ukraine and its impacts in many areas, which we are closely monitoring. In this situation as in others, however, the health and safety of our teammates remain our main concern. We are confident that our focus on performance and our collaborative culture will continue to help us face any challenge.

Our strategic drivers will remain high on the agenda, and we will be on the lookout for new M&A opportunities in line with our strategic framework.

To our shareholders, partners, teammates and customers: we deeply value your commitment to Etex. Thank you for your continuing trust in our organisation.



Johan Van Biesbroeck
Chairman of the Board of Directors



Bernard Delvaux
CEO

Consolidated key figures

EUR MILLION	2017	2018	2018 RESTATED ⁽²⁾	2019	2020	2021	VAR. 2021 VS 2020
Revenue	2,794	2,897	2,897	2,940	2,616	2,972	13.6%
Recurring operating income (REBIT)	266	245	245	292	311	398	28.0%
Recurring operating cash flow (REBITDA)	420	405	433	483	484	570	17.8%
% of revenue	15.0%	14.0%	14.9%	16.4%	18.5%	19.2%	-
Non-recurring items	3	-25	-25	-24	-39	-83	-
Operating cash flow (EBITDA)	432	391	418	557	468	522	11.5%
Operating income (EBIT)	269	221	221	268	272	315	15.8%
% of revenue	9.6%	7.6%	7.6%	9.1%	10.4%	10.6%	-
Net profit (Group share)	148	140	140	176	194	194	0.0%
Net recurring profit (Group share)	141	166	166	187	215	268	24.4%
Capital expenditure	148	192	192	169	112	198	76.8%
Net financial debt	633	584	694	331	15	214	1,326.7%
Working capital⁽¹⁾	261	271	271	224	137	193	40.9%
Capital employed⁽¹⁾	2,341	2,352	2,462	2,196	1,868	2,266	21.3%
Return on capital employed (ROCE)⁽¹⁾	12.1%	9.7%	9.5%	11.5%	13.4%	15.2%	-
EUR PER SHARE							
Net recurring profit (Group share)	1.80	2.12	2.12	2.39	2.75	3.42	24.4%
Net profit (Group share)	1.89	1.80	1.80	2.25	2.48	2.48	0.0%
Gross dividend	0.53	0.58	0.58	0.58 ⁽³⁾	0.70	0.84⁽⁴⁾	20.0%
Dividend growth rate	10.4%	9.4%	9.4%	0.0%	20.7%	20.0%	-
Recurring distribution rate	29.4%	27.4%	27.4%	24.3%	25.5%	24.6%	-
PERSONNEL							
Personnel	14,510	14,458	14,458	13,260 ⁽⁵⁾	11,387 ⁽⁵⁾	12,214⁽⁶⁾	-

NB: Definitions of the alternative performance measures are included in the glossary at the end of this report. 2016 values include discontinued operations (i.e. the ceramics business in Peru, Colombia, Chile and Argentina).

¹ These values are expressed excluding the favourable impact of the non-recourse factoring programme (note 16 of the Consolidated financial statements discloses details on non-recourse factoring); the 2017 ROCE value excludes Pladur.

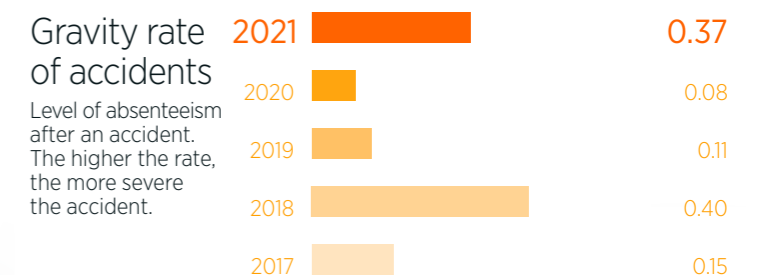
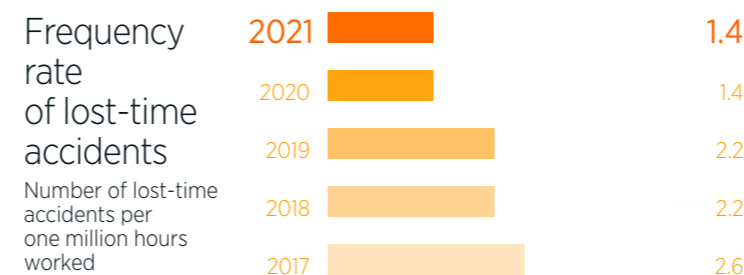
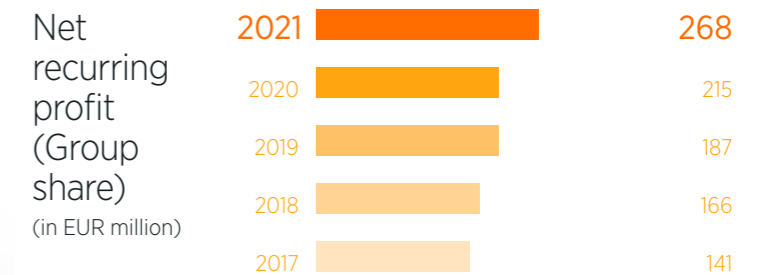
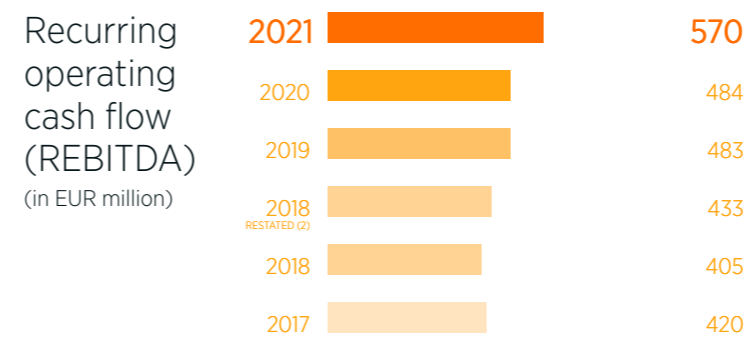
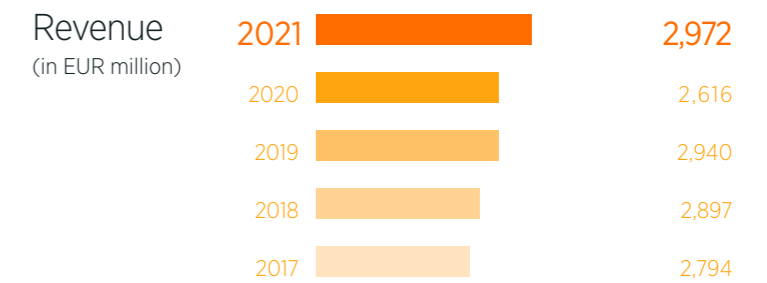
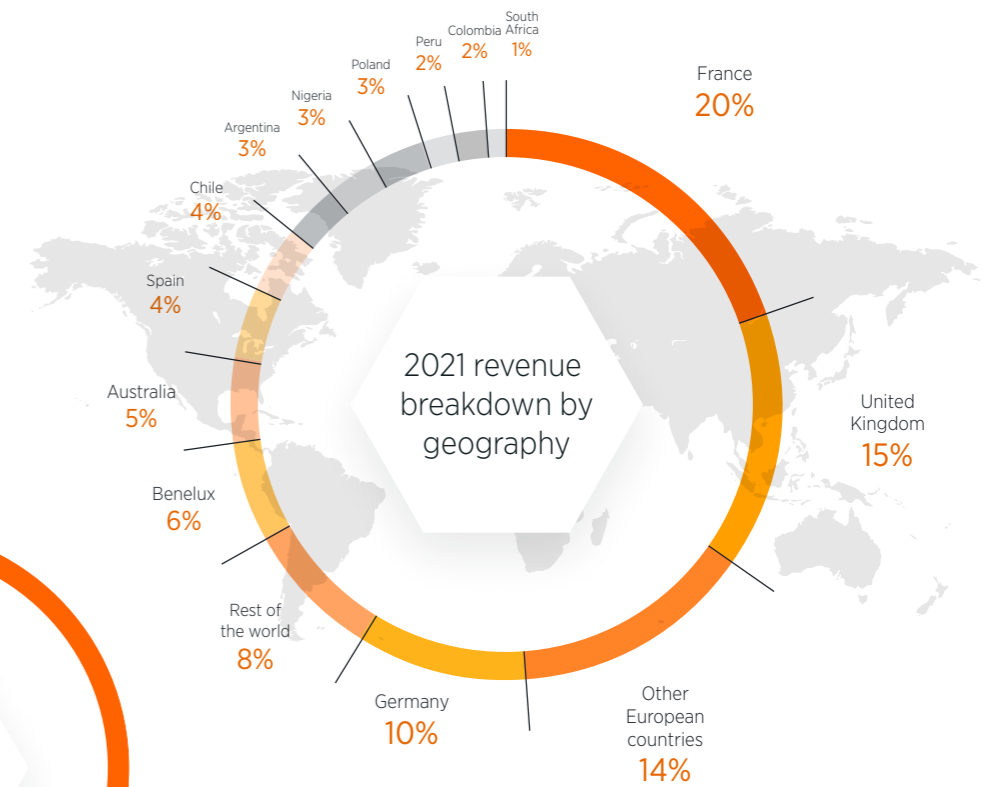
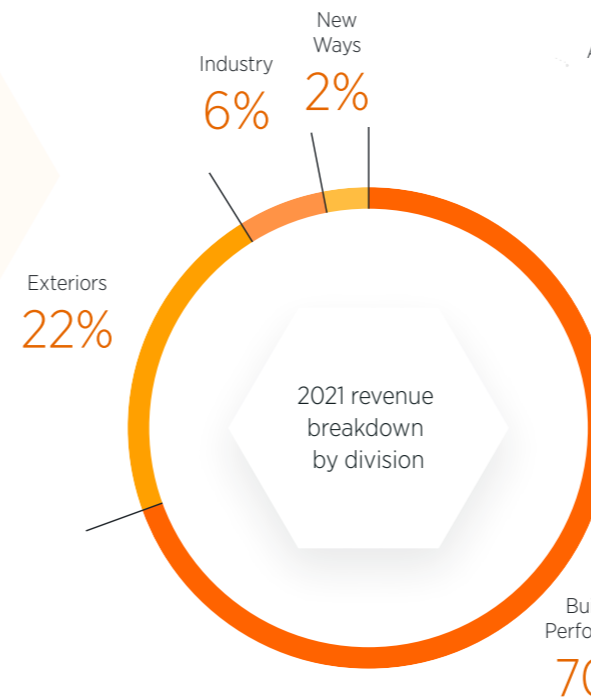
² These values are restated for IFRS 16 (lease) impacts consistently with 2019 with respect to lease debt, leased assets and depreciation of lease assets.

³ The dividend for 2019 (paid out in 2020) is made up of EUR 0.29 as decided during the Shareholders Meeting of 27 May 2020, and EUR 0.29 as decided during the Extraordinary Shareholders Meeting held on 22 October 2020.

⁴ Subject to the approval of the Shareholders Meeting of 25 May 2022.

⁵ The personnel figures exclude the Residential Roofing companies which have been divested in 2019 (Marley Ltd and Umbelino Monteiro) and 2020 (Creton, Marley (SA) (Pty) Ltd and our 50% stake in RBB NV). The 2020 figure includes the personnel of FSi Limited, which was acquired by Etex in September 2020. It excludes, however, the personnel of the plasterboard business acquired in Australia, as this operation was completed in February 2021.

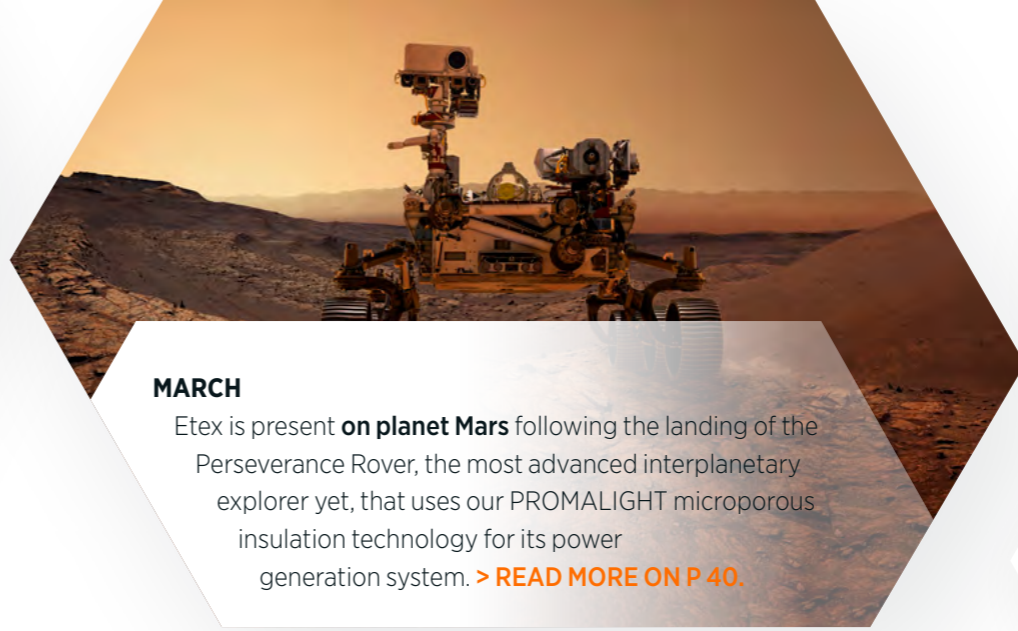
⁶ The 2021 personnel figure includes the personnel of the five companies acquired during the year: the Australian plasterboard business, E-loft (France), Evolution Innovation (Ireland), Horizon Offsite (Ireland) and Sigmat (UK). It excludes, however, the personnel of URSA, as this acquisition was announced in January 2022 and is currently subject to the customary closing conditions.



Milestones of 2021

JANUARY

The **My Etex online portal** is available to all customers worldwide. On the platform available 24/7, customers can get the latest information about Etex, follow deliveries in real time, download invoices or submit requests and claims. The portal improves the customers' digital experience by centralising all information and actions across all brands and divisions. **> READ MORE ON P 27.**



MARCH

Etex is present **on planet Mars** following the landing of the Perseverance Rover, the most advanced interplanetary explorer yet, that uses our PROMALIGHT microporous insulation technology for its power generation system. **> READ MORE ON P 40.**

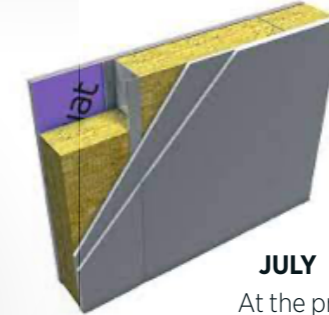
MAY

For the second edition of the **Etex CEO Award** the recognition goes to Dana Haiduc based in Romania, for her years-long commitment and innovative approaches to business development in her region, delivering significant profitable growth in a dynamic market. **> READ MORE ON P 53.**



MAY

At our Shareholders Meeting, **Johan Van Biesbroeck** succeeds Jean-Louis de Cartier de Marchienne as new Chairman of the Board of Etex. **> READ MORE ON P 63.**



JULY

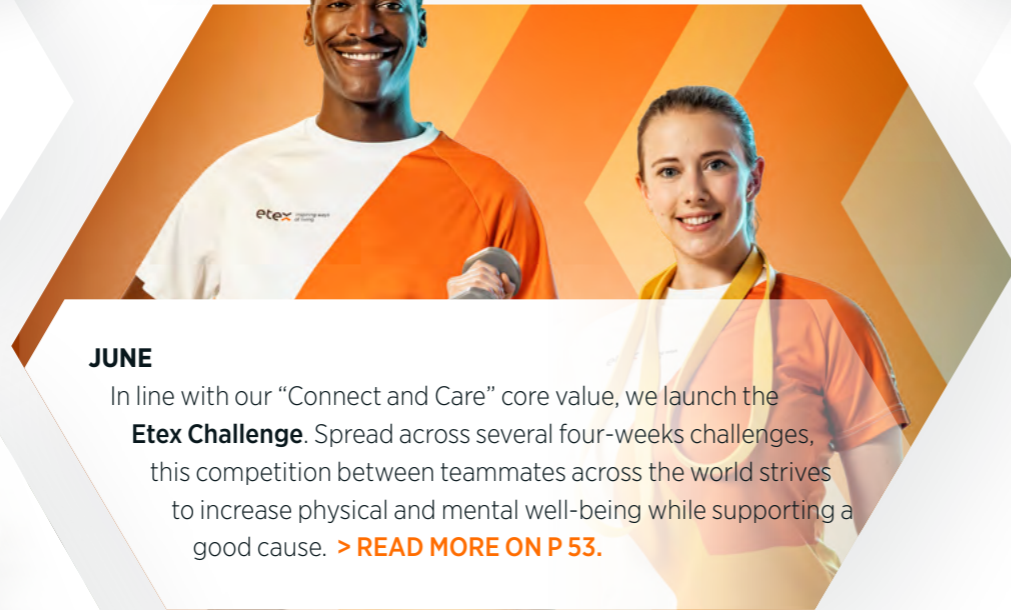
At the prestigious UK's Housebuilder Product Awards, our steel-framing, infield solutions expert EOS wins the **Best External Product award** for its loadbearing Thrubuild systems. **> READ MORE ON P 45.**

JULY

Two new members join the Executive Committee: **Patrick Balemans** as Head of the New Ways division and **Virginie Lietaer** as Chief Legal Officer. **> READ MORE ON P 64.**

JUNE

In line with our "Connect and Care" core value, we launch the **Etex Challenge**. Spread across several four-weeks challenges, this competition between teammates across the world strives to increase physical and mental well-being while supporting a good cause. **> READ MORE ON P 53.**



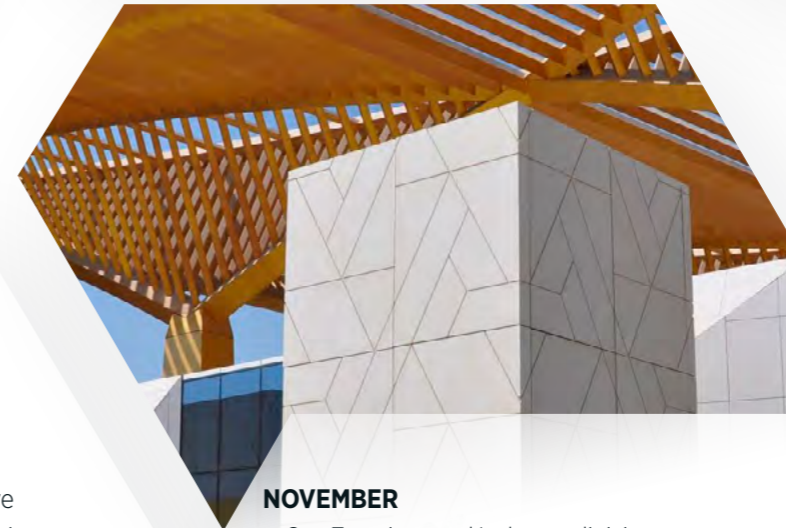
SEPTEMBER

With an 84% participation rate across the organisation (a 16% increase on the previous edition), the **Me & Etex employee engagement survey** shows improvement across all dimensions, including the fact that teammates feel 15% more connected to Etex, which is 6% above the manufacturing sector average. **> READ MORE ON P 52.**



OCTOBER

We release **our first-ever Sustainability Report** that follows the best practices of the Global Reporting Initiative Standards. The report zooms in on how our sustainability initiatives and actions progressed, together with the group's ambitions in four main areas.



NOVEMBER

Our Exteriors and Industry divisions are among the key suppliers of the **Dubai Expo 2020** with EQUITONE panels used in five projects and PROMAT fire protection used in the Expo's metro station and two pavilions. **> READ MORE ON P 33.**



JANUARY 2022

Succeeding Paul Van Oyen, **Bernard Delvaux** officially takes on the role of Chief Executive Officer, further pursuing our ambitious long-term strategy and focus on organic and external growth.

Adding a new regional pillar to a strong lightweight footprint

In February 2021, Etex completed the major acquisition of **Australia's top-three plasterboard player**. This strategic milestone enables Etex to expand its footprint in the country's well-developed construction market.

In addition to a strong cultural fit with Etex, the new business offers a competitive product portfolio, experienced teammates, state-of-the-art production facilities and a broad network of partners and suppliers. The company operates three plasterboard plants as well as a metal profile production facility.

Since the completion of the transaction, many efforts have been made to ensure **an efficient and quick integration** of the

organisation within Etex. Among them, the new business was fully rebranded to our Siniat global brand within a few months. Our IT team also worked hard to make sure our 300 new teammates transition to Etex's IT environment before the end of 2021.

In terms of results, and despite the inherent difficulties of integrating new operations in COVID-times, the Australian business had a very successful first year and is already delivering above expectations.

> READ MORE ON P 29.



Left: Evolusion Innovation
Middle top: Horizon Offsite
Middle bottom: E-loft
Right: Sigmat

Four acquisitions to strengthen Etex's ambitions in offsite construction

Launched at the beginning of 2020, Etex's New Ways division activates our ambition to bring beautiful, affordable and high-quality housing to people around the world by offering building solutions rather than standalone products.

To provide the means to match our objectives, we realised a total of **four strategic acquisitions in 2021**.

Starting in January, Etex purchased a majority stake in French offsite construction company **E-loft** which offers 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.

To strengthen our knowledge base, in April 2021 we acquired a majority stake in **Evolution Innovation**, an international multi-disciplinary engineering consultancy company based in Ireland. In incorporating this business into our New Ways

division, we achieve strategic synergies between modular construction expertise and local building capacity, while giving Evolution Innovation an international footprint.

In July, further delivering on our strategy to lead in offsite construction methods worldwide, Etex added **Horizon Offsite** to its portfolio. Based in Ireland, the company specialises in light gauge steel frame for buildings of up to five storeys and already collaborated extensively with Evolution Innovation before its acquisition.

Last but not least, in August Etex acquired **Sigmat**, UK's market leader in light gauge steel frame and one of the country's first fully integrated offsite construction companies, offering design, engineering, manufacturing, assembly and installation services to its customers.



Bernard Delvaux,
CEO of Etex

The acquisition of URSA confirms the portfolio shift initiated a few years ago by Etex to become a global leader in lightweight and more sustainable building solutions. This acquisition is a strategic fit for Etex combining a new growth platform with a strong focus on sustainability. I have been truly impressed by both the quality of URSA's management team and its sound business model. I look forward to welcoming our new teammates to Etex and embarking on a prosperous future together.



Etex confirms its shift towards lightweight and sustainability through the acquisition of international insulation expert URSA

In early January 2022, Etex announced the acquisition – pending customary closing conditions – of URSA, a European leader in **extruded polystyrene (XPS)** and featuring among the top three for **glass mineral wool**, which will enhance our portfolio of more sustainable business activities.

URSA offers an extensive range of insulation applications for buildings' envelope as well as internal partitions and ceilings. Like Etex, it prides itself on the sustainability and comfort features of its products.

The story of URSA started back in 1949 as a small family business but has since

developed into a **major international player** in its field. Its activities are **present across more than 20 countries in Europe**, including France, Germany, Spain and Poland. The company operates **13 production sites** and covers most countries where Etex is already operating through its other divisions. Headquartered in Madrid, Spain URSA brings a reliable European supply chain network and a team of over 1,700 dedicated employees.

URSA will be incorporated as a **separate division**, under the direct leadership of Etex CEO Bernard Delvaux.



Muriel Defrance,
Head of Business Partnering for Operations

WATCH VIDEO



About performance

In 2021, and for the fourth year in a row, Etex delivered significant growth. The company reached record results in revenue, REBITDA, REBITDA margin and net recurring profit, while the level of free cash flow generation reached new heights.

[Watch Muriel's interview](#)



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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.



42 Operating countries

> 110 Sites: plants, quarries, offices

> 12,000 Teammates

What we do

Through our four divisions¹, 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

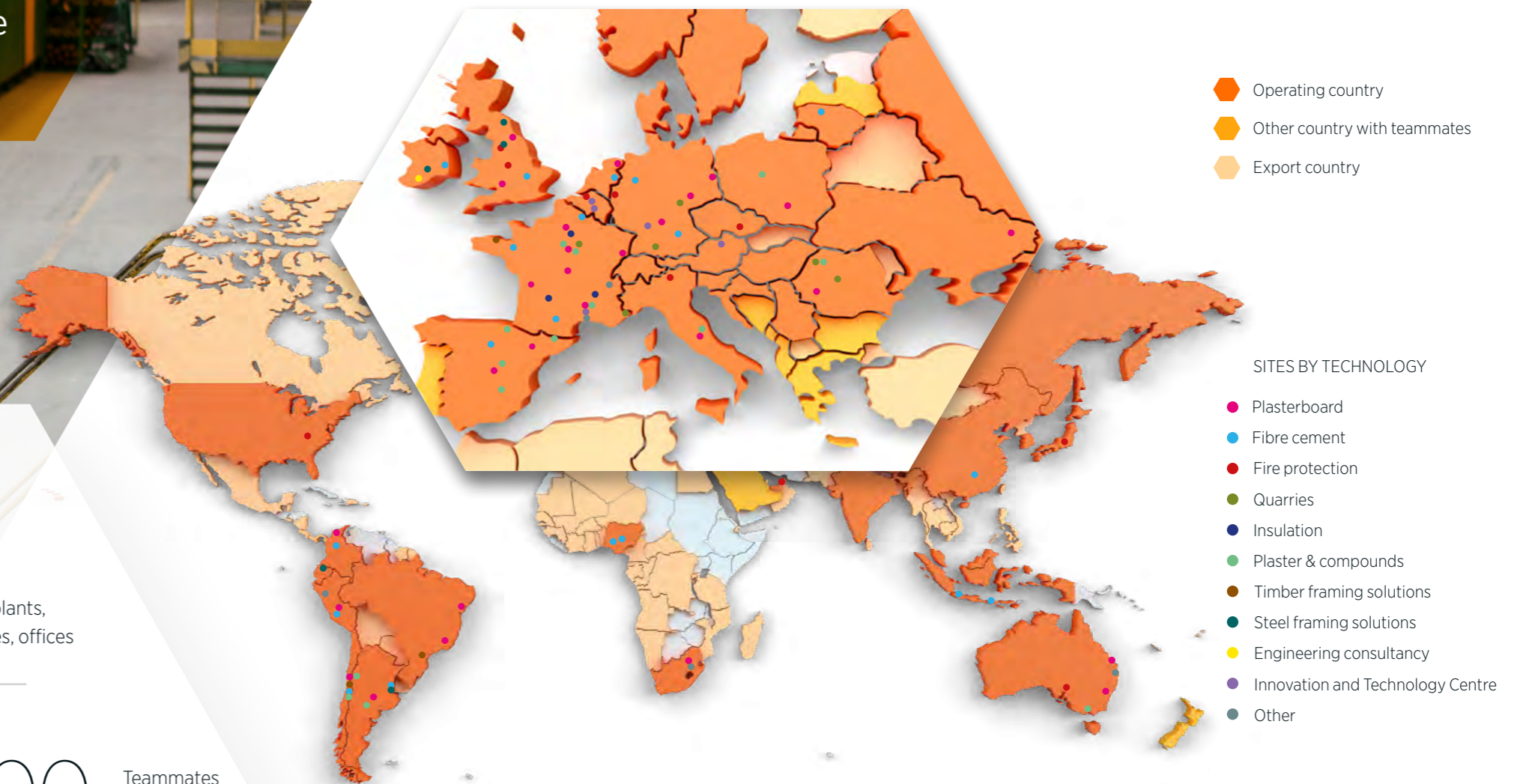
Provider of innovative, durable, high performance and beautiful fibre cement exterior materials for architectural, residential and agricultural projects.

Industry

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

New Ways

New Ways offers high-tech, lightweight, factory-assembled panel and modular building solutions based on timber and steel framing.



¹On 11 January 2022, Etex announced the acquisition of thermal and acoustic insulation expert URSA. When completed, this operation will lead to the incorporation of URSA as a separate division dedicated to insulation activities. Etex's Annual Report will reflect this new structure as of its 2022 edition.

ABOUT ETEX

Who we are

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 the megatrends and 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 plasterboard, lightweight and technically efficient products, along with modular building technologies, serve

to optimise resource use. We focus on reducing waste and boosting efficiency in our factories.

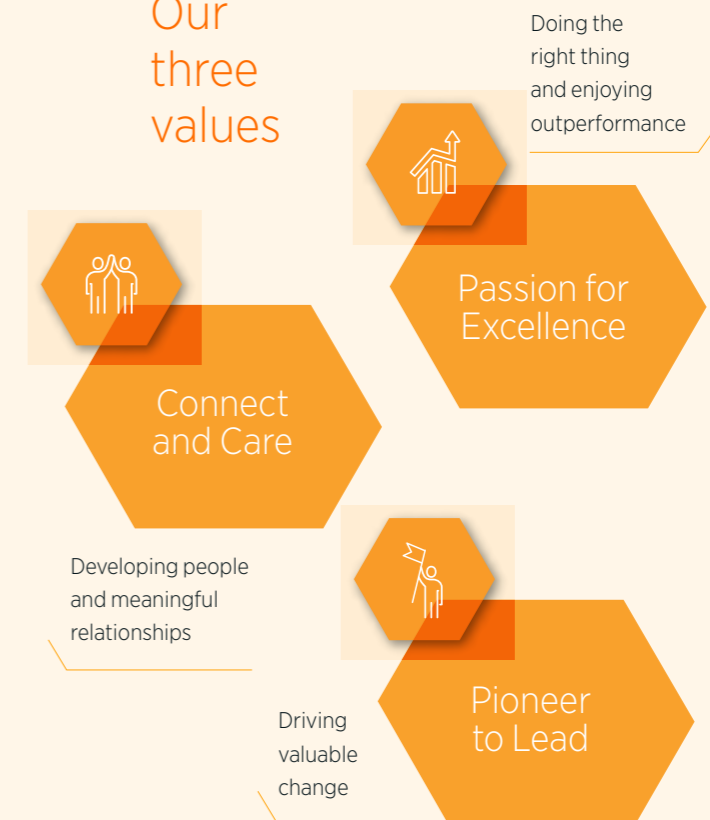
Smart

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.

Our three values



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 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 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 also 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, insulation and fibre cement

solutions, and holds strong positions in all its markets and geographic areas.

To make a real difference for our customers, we need to continue joining forces and focus on our core strengths.

Our planet is on the verge of hitting the 8 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.

ABOUT ETEX

Commercial brands

Our main commercial brands



Gypsum
Durlock, Argentina
Gyplac, Latin America
Siniat, Europe

Fire protection
PROMAT, Global

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-focussed value and services to our partners.

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



ABOUT ETEX

Commercial brands



Passive fire protection and acoustic insulation
PROMAT, Global

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.

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 (either fully owned or in the form of various joint ventures), based in Europe and Latin America, offer an extensive portfolio of solutions through the brands **E-loft, EOS, Evulsion Innovation, E2E, Horizon Offsite, Icon+, Sigmat** and **Tecverde**, 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
Tecverde, Brazil
E2E, Chile
E-loft, France



Steel framing solutions
EOS, UK
Horizon Offsite, Ireland and UK
Icon+, Argentina and Ecuador
Sigmat, UK



Engineering consultancy
Evulsion Innovation,
Ireland and UK



Our stakeholders

Customers, employees, partners, suppliers, shareholders, investors, media, job applicants, local communities...

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 to build a trust-based relationship and to reach a higher level of transparency.



Financial stakeholders

Shareholders, investors and financial institutions.

Our commitment

Optimally balancing sustainable growth while guaranteeing transparent communication about our performance and outlook.

How we connect

Etex's shareholders are presented with relevant information about our business during our annual Shareholders' Meeting(s). **Full-year and half-year results** as well as **strategic developments** are communicated to our financial stakeholders through press releases and other documents published on our website (dedicated Investor Relations and Annual Report sections).

Internal stakeholders

Current and future employees, Senior Leaders and trade unions.

Our commitment

Maximising their safety, informing them about key decisions, connecting with each other and facilitating personal and professional development.

How we connect

Our local businesses maintain a dialogue between **more than 12,000 employees in 42 operating countries** through tailored communication channels. We engage with our employees at group level through our intranet platform Etex Core, events, webinars and various communication campaigns.

Etex Team Talks are digital events accessible to all teammates. During these events, we celebrate team achievements, share results, offer an update on important changes in the group, and communicate on prospects. **Etex Insights** gather around 500 managers of the company for another digital event. They are a perfect opportunity to share detailed information and updates on the organisation. Finally, the **Etex Global Summit**, gathering around 100 Senior Leaders for a three-day event, is organised once a year.

External stakeholders

Local communities, NGOs, suppliers and the media.

Our commitment

Diligently establishing and building upon sustainable and transparent relationships.

How we connect

As specialists within their geographies, our local businesses design and implement optimal communication channels with their **communities**. At group level, we partner with international NGO **Selavip**, which supports housing projects for underprivileged people in Africa, Asia and Latin America.

Etex communicates on its **sustainability initiatives and actions** of the past year through its Sustainability Report, which was published for the first time in 2021. A specific section on the company's corporate website is also dedicated to all sustainability-related topics.

Press relationships are nurtured at local level. Belgian and foreign media are also in direct contact with Etex's corporate communications team.

Commercial stakeholders

Architects, construction companies, distributors, contractors, installers, specifiers and homeowners.

Our commitment

Proactively meeting their needs by offering superior building solutions and empowering them to construct the most efficient, ambitious and inspiring projects.

How we connect

Etex shares information with its **customers and other commercial stakeholders** which suits their needs. On group level, our Innovation & Technology Centre in Avignon, France invites customers to co-innovate during our annual Innovation Days (2020 and 2021 were exceptions in the context of the COVID-19 pandemic). Our purchasing team engages with our largest suppliers at group level.

Our corporate communications team can be reached at info@etexgroup.com



Isabelle Bellessort,
Global Head of Supply Chain

WATCH VIDEO



About operational excellence

2021 was a very difficult year for supply chain across all industries worldwide. Nevertheless, Etex succeeded in keeping its factories running and delivering its products to customers on time. How did the company tackle all the challenges?

[Watch Isabelle's interview](#)

3

Activity report

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Message from the CFO

Etex recorded an outstanding financial performance in 2021, with a revenue increase of 18.7% at EUR 2,972 million on a like-for-like basis compared to 2020, and a REBITDA improvement by 25.7% like-for-like to EUR 570 million, its highest value ever. Compared to 2019 (the last pre-COVID-19 year), the like-for-like increase stands at 13.3% for revenue and 34.9% for REBITDA. In 2021, the REBITDA margin reached 19.2% and the net recurring profit increased by 24.4% to EUR 268 million. The free cash flow before dividends, acquisitions and disposals of businesses reached EUR 184 million. The net debt at the end of the year amounted to EUR 214 million, after the acquisition of four New Ways businesses and a major plasterboard business in Australia.

A general overview of our worldwide results

2021 was a year of strong growth for Etex, with revenue up by 18.7% like-for-like compared to 2020, as a result both of growing volumes and increased average selling prices. The like-for-like increase compared to the pre-COVID year 2019 amounts to 13.3%. The 4.3% net negative scope impact compared with 2020 is mainly attributable to the disposal of our Residential Roofing businesses in Germany, Hungary, Poland, Belgium and South Africa, partially offset by the acquisitions of a major plasterboard business in Australia, which has been integrated to our Building Performance division, as well as of the French offsite construction company E-loft, the Irish steel framing company Horizon Offsite, the design and engineering consultancy company Evolusion Innovation, and the UK light gauge steel framing market leader Sigmat, which have all joined our New Ways division. The remaining negative impact on revenue is due to foreign currency translation (-0.8%),

mainly from a weaker Argentinian peso, Peruvian sol and Nigerian naira.

Our REBITDA amounted to EUR 570 million, its highest absolute value ever. This represents a like-for-like increase of 25.7% compared to 2020, and of 34.9% compared to 2019. This outstanding performance is mainly attributable to a strong revenue and margin increase combined with improved overheads. Margins remained strong thanks to cost-to-price monitoring and increased efficiency in manufacturing activities. The company's profitability was also positively impacted by the savings initiatives launched in 2020 to bring overheads down, which resulted, together with the revenue increase, in an overheads ratio of 18.6% of sales in 2021, compared to 20.7% in 2020 and 2019. Compared to 2020, the REBITDA was negatively impacted by scope changes (-7.1%) and foreign currency translation (-0.8%). The REBITDA also reached its highest value ever in terms of percentage of sales at 19.2%, compared to 18.5% in 2020 and 16.4% in 2019.

Etex's net recurring profit (Group share) was up by 24.4% to EUR 268 million in 2021, another record performance. The non-recurring items mainly relate to impairments relating to New Ways companies, where growth is expected later than initially planned, restructuring charges relating to industrial footprint adjustments, and costs incurred in various projects to renovate asbestos-containing sites and properties. The company's net profit reached EUR 198 million in 2021, down 1.4% year-on-year.

With a free cash flow generation of EUR 184 million before dividends, acquisitions and disposals of businesses, Etex has recorded in 2021 its second best performance. This robust cash generation is attributable to a high REBITDA, a working capital evolution reflecting the revenue increase, an increase in capital expenditure following a freeze in 2020 due to COVID-related uncertainty, and cash-outs related to the implementation of restructuring plans.

At the end of December 2021, **Etex's net financial debt reached EUR 214 million,**

an increase of EUR 199 million compared to its level at the end of 2020 (EUR 15 million). The strong free cash flow generation was mainly offset by the acquisition of the Australian plasterboard business and, to a lesser extent, the acquisition of the four New Ways businesses. The net debt in 2021 includes the favourable effect of the non-recourse factoring programme, which amounted to EUR 167 million at the end of the year (vs EUR 159 million at the end of 2020). Excluding this programme, the net financial debt would have reached EUR 381 million (vs EUR 174 million at the end of 2020). The company's net financial debt/REBITDA ratio increased from -0.2x in 2020 to 0.1x in 2021. Excluding the favourable impact of the non-recourse factoring programme, this ratio increased from 0.4x to 0.7x year-on-year.

Changes in the scope of consolidation

In January 2021, Etex acquired a majority stake in leading French offsite construction company E-loft,

which offers innovative B2C and B2B solutions in three domains: modular single-family homes, modular multi-family residential complexes and custom-designed buildings. The company became part of the New Ways division, which has been set up in early 2020. The revenue of E-loft in 2021 amounted to EUR 13 million.

In February 2021, Etex acquired a top three player in Australia's plasterboard market. The company manufactures plasterboards, metal profiles, finishing compounds and other specialty materials at four state-of-the-art production facilities. The contribution of the newly acquired plasterboard business in Australia to Etex's revenue in 2021 amounted to EUR 124 million.

In April 2021 and July 2021, respectively, the Irish companies Evolusion Innovation (majority stake), an offsite design and engineering consultancy company, and steel framing company Horizon Offsite, joined Etex. The contribution of these two businesses to Etex's revenue in 2021 amounted to EUR 12 million.

Revenue in 2021

2,972

million euro

Like-for-like increase of 18.7% vs 2020



Mel de Vogue
Chief Financial Officer

ACTIVITY REPORT

Our performance in 2021 - Message from the CFO

Finally, Etex acquired Sigmat, a UK market leader in light gauge steel framing, in August 2021 to complement New Ways' offsite solutions footprint in the United Kingdom in Ireland. Sigmat recorded a EUR 11 million revenue in 2021 since its acquisition.

Compared to 2020, Etex's performance was also impacted by the sale of its clay and concrete roof tile businesses in Germany, Hungary, Poland and Belgium (Creton brand) to Terreal in December 2020 and, to a lesser extent, by the disposal of Marley South Africa in July 2020, which contributed in total EUR 253 million and EUR 33 million to the revenue and REBITDA of Etex in 2020.

Revenue by division

Building Performance registered a like-for-like revenue increase of 20.6% to reach EUR 2,099 million, with volume growth in plasterboard, fire protection and fibre cement boosted by the booming renovation markets, economic recovery after COVID-related lockdowns were lifted and some shortages of alternative materials. Due to strong demand in all regions except South Africa, some export businesses were impacted by supply chain issues and increased shipping costs. Etex adapted its prices to offset the rapid increase in raw material and energy cost prices.

Exteriors registered a like-for-like revenue increase of 14.5% at EUR 648 million, mainly attributable to higher volumes in the residential façade and roofing segment (Cedral brand), driven by a strong surge in renovation and repair activities, both in Europe in Latin America. The revenue growth was also helped by pro-active price management

mitigating the impact of input price increases. The architectural segment recovered further in 2021 but was still impacted by some projects being kept on hold. The agricultural sector was still exposed to long-term declining trends, yet our corrugated sheets demonstrated some competitive advantages compared to steel, which was impacted by price increases.

Industry's revenue amounted to EUR 174 million, up by 11.8% like-for-like. The division performed well in the fire-rated applications and appliances segment, which went back to pre-COVID levels in Europe, as well as the transportation and thermal process segments, while the oil and gas segment improved but was still impacted by low investments.

New Ways revenues amounted to EUR 51 million, including the sales recorded by the recently acquired businesses in France, Ireland and the United Kingdom. The revenue of the pre-existing businesses, mainly comprising our light steel framing company EOS in the United Kingdom, went up from EUR 10 million to EUR 15 million, a combined effect of additional projects and selling prices which were adjusted to the price evolution of steel.

Consolidated Statement of Financial Position (Balance Sheet)

The value of Etex's **property, plants and equipment** increased at EUR 1,588 million vs EUR 1,392 million in 2020, reflecting the

REBITDA in 2021

570

million euro

Like-for-like increase of 25.7% vs 2020

Net recurring profit (Group share) in 2021

268

million euro

Increase of 24.4% vs 2020

impact of recently acquired businesses, mainly in Australia. **Capital expenditure** (tangible and intangible assets) reached EUR 198 million, compared to a recurring depreciation of EUR 172 million. Goodwill and intangible assets went up from EUR 320 million to EUR 469 million, with the main increase in **goodwill and intangibles** recognised in business combinations during the year.

The **working capital** increased from EUR 137 million in 2020 to EUR 193 million in 2021. Thanks to a permanent focus on working capital performance, we have been able to continue reducing the value of inventory and customers less supplier balances, expressed in percentage of sales, slightly below prior year at 10.4% (10.9% in 2020). The total working capital level in percentage of sales went up from 5.8% in 2020 to 6.5% in 2021, mainly due to other amounts payables in relation to direct or indirect taxes and employee liabilities. This increase exceeds the sales increase, but the total working capital level still improved when compared to 2019 (7.6%).

Our **actual return on capital employed** increased from 13.4% in 2020 to 15.2% in 2021. Excluding the impact of non-recurring items, the **recurring return on capital employed** reached 19.2% in 2021 vs 15.3% in 2020.

Subsequent events

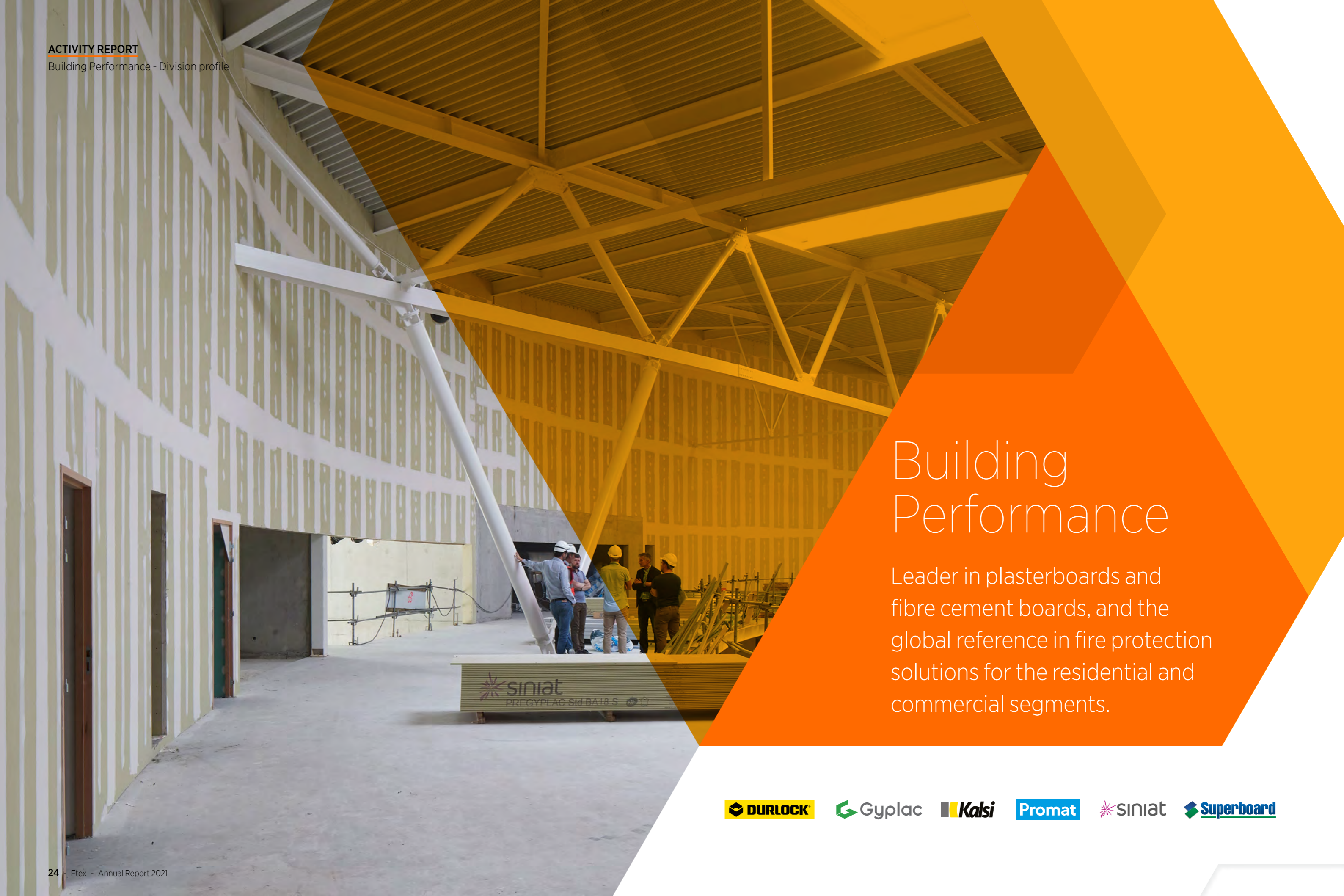
In January 2022, Etex signed an agreement to acquire thermal and acoustic insulation expert URSA for an agreed enterprise value of EUR 960 million. This agreement is subject to customary closing conditions. URSA is a European leader in extruded polystyrene (XPS) and features among the top three for glass mineral wool insulation. Through this latest strategic move, Etex continues inspiring ways of living by helping Europe address environmental challenges thanks to URSA's expertise: the company delivers high-performance solutions to achieve the superior level of energy performance required in a building.

Outlook for 2022

Etex expects demand to remain strong in the first half of 2022, on the back of dynamic repair and renovation activities, but the evolution in the second half of the year is more difficult to anticipate. Further recovery of project-related activities is also expected in 2022 but the ongoing raw material and energy price increases, volatility, the current war between Russia and Ukraine and potential disruptions linked to new COVID-19 variants, are factors of uncertainty for 2022. All divisions will continue to proactively manage their cost-to-price performance which is key in the current high inflation context.

2021 results in a nutshell

- **Total sales:** EUR 2,972 million, including the impact of unfavourable exchange rates compared to 2020 (EUR 19 million) and the EUR 66 million net negative impact related to the disposal of Residential Roofing activities in 2020, offset by business acquisitions. Year-on-year, the revenue increased with around EUR 442 million, or +18.7% compared to 2020, excluding the impact of currency translation and of the disposed Creton businesses.
- **Gross profit:** EUR 951 million or 32.0% of sales, vs 32.4% in 2020, slightly impacted by an unfavourable mix and input price increases during the second part of the year.
- **Overheads on sales ratio:** down at 18.6% (vs 20.7% in 2020), an improvement resulting from top line growth exceeding overhead increase but also from permanent savings initiatives compensating the 2020 COVID-related temporary cost reductions.
- **Operating income before non-recurring items (REBIT):** EUR 398 million, up by EUR 117 million like-for-like, representing 13.4% of sales. In 2020, the REBIT amounted to EUR 311 million, or 11.9% of sales.
- **Net non-recurring charges:** EUR 83 million, mainly including impairments relating to New Ways companies, where growth is expected later than initially planned, restructuring charges relating to footprint adjustments, and costs incurred in various projects to renovate asbestos-containing sites and properties. The operating income (EBIT) reached EUR 315 million vs EUR 272 million in 2020.
- **Net financial charges:** a sharp decrease from EUR 25 million in 2020 to EUR 16 million in 2021, resulting from the impact of hyperinflation and low interest charges.
- **Net profit (Group share):** stable at EUR 194 million.
- **Net recurring profit (Group share):** increase from EUR 215 million to EUR 268 million.
- **Net financial debt:** the increase from EUR 15 million at the end of December 2020 to EUR 214 million at the end of December 2021 is mainly due to the acquisition of the Australian plasterboard business and, to a lesser extent, of the four New Ways businesses, which have offset the strong free cash flow generation. It also includes the favourable effect of the non-recourse factoring programme, which amounted to EUR 167 million at the end of 2021 (vs EUR 159 million at the end of 2020). Excluding this programme, the net financial debt would have reached EUR 381 million compared to EUR 174 million at the end of 2020.



Building Performance

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



Faced with the rapid increase in raw material costs and the impact of COVID on the markets, the Building Performance division responded firmly to serve its customers, while transforming its commercial organisation into a hybrid sales model. Head of Division Neil Ash looks back on an exceptional year with a record-breaking performance but remains cautious about the road ahead.

How would you summarise 2021 for Building Performance?

2021 was a challenging but successful year, with markets rebounding robustly once the initial impact of COVID (starting in March 2020) had settled. The surge in renovation activities took the market by surprise and subsequently presented us with a range of issues: how to keep up with demand, how to supply materials to our customers, and how to deal with the rapid increase in raw material costs. Our division responded strongly, working closely together with our customers and remaining transparent about our delivery capacity and timing. The feedback was very positive, with customers continuing to see us as a valuable partner.

We also transformed our commercial organisation into a hybrid sales model. The overriding goal was to improve how we interact with our customers. We wanted to be the best, most reliable partner, giving them quality support and back-office services to meet their needs. Our efforts delivered impressive results, with a huge increase in the NPS (Net Promoter Score) across all our key markets.

How busy was the M&A agenda?

It was quite a busy agenda looking back. First of all, we fully integrated and developed FSi Limited, the UK passive fire protection specialist which we acquired in September 2020. In February 2021, we acquired a major plasterboard player in Australia, a strategic milestone for Building Performance.

Our work integrating the company is well underway: last year it was rebranded Siniat and incorporated into our IT environment. The Australian business had a very successful first year within Etex when it came to performance.

What are your priorities for 2022?

We will continue our strategic shift from selling products to developing systems and solutions. Our focus is also on enhancing the penetration of plasterboard as a lightweight construction solution in Europe and Latin America. Other priorities include: remaining agile to provide seamless deliveries to our customers, carefully managing ongoing cost increases, and further developing the sustainability of our product portfolio.

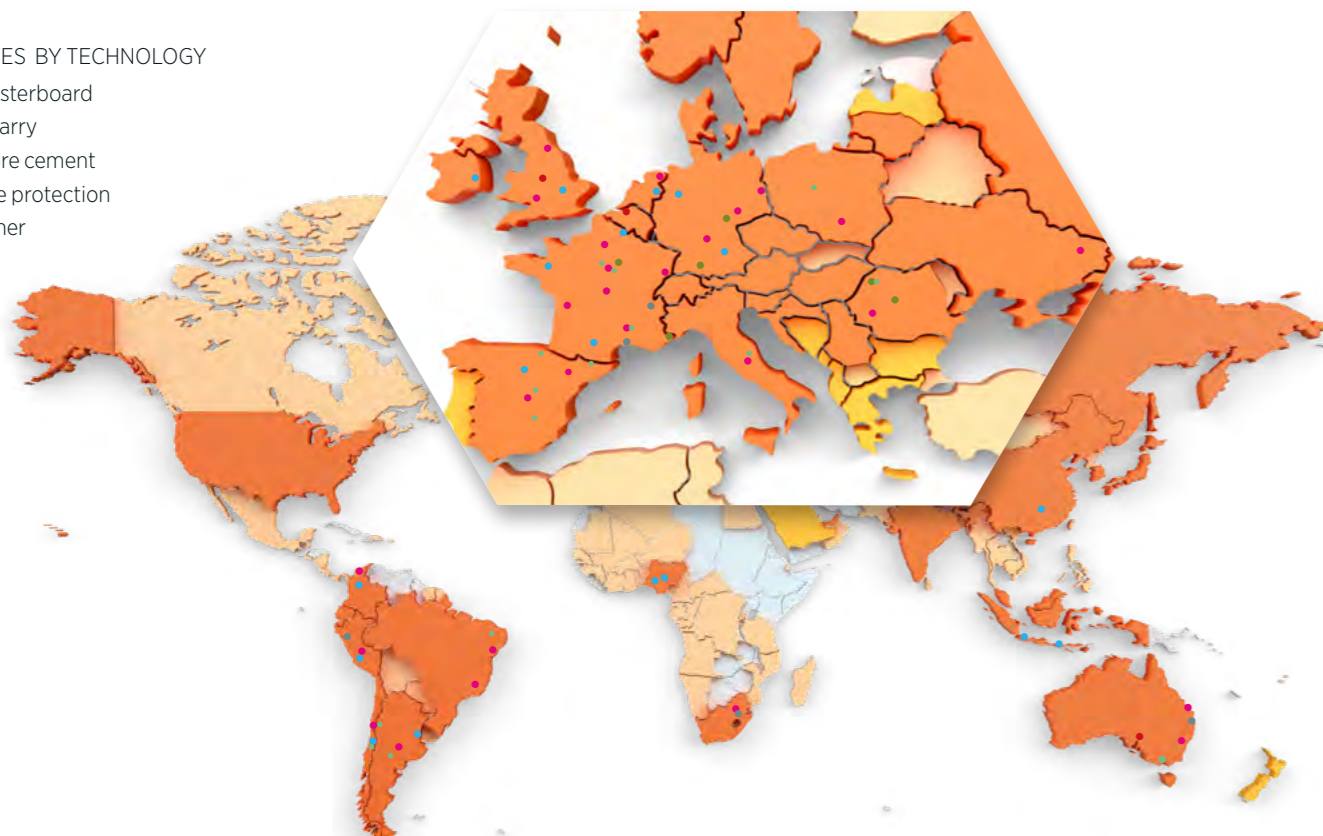
“We will continue our strategic shift from selling products to developing systems and solutions while further developing the sustainability of our portfolio.”

Neil Ash,
Head of Division - Building Performance

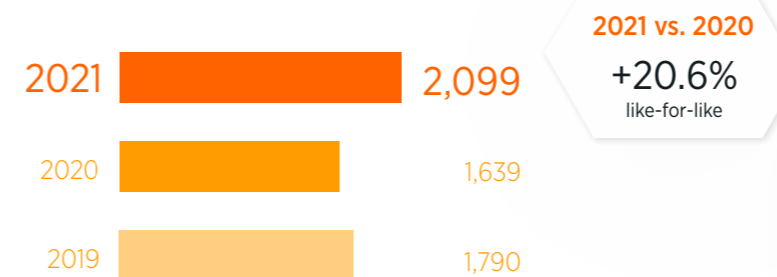


SITES BY TECHNOLOGY

- Plasterboard
- Quarry
- Fibre cement
- Fire protection
- Other



Revenue of Building performance (in EUR million)



How did we perform in 2021?

It was an exceptional year with record-breaking activity. This was especially the case in Europe and Latin America, which recovered strongly from 2020, due mainly to the surge in the home repair and renovation segment, which mainly impacted our plasterboard business.

Revenue

Europe

Plasterboard volumes were higher year-on-year and slightly above 2019. Performance was good in all countries, with **France, Italy, Poland** and **Romania** achieving double-digit growth compared to both 2020 and 2019. During the second quarter of 2021, we faced huge, unprecedented cost increases, mainly in steel, energy, paper and additives.

Our **PROMAT** business delivered another year of solid performance. However, as PROMAT is typically used in large

buildings and niche segments, it did not benefit from the renovation wave in comparison to plasterboard.

Latin America

It was an excellent year for **plasterboard**, with growing volumes and a positive price-over-cost effect. This can be explained by a strong post-COVID recovery – similar to Europe’s due to the renovation boom. In **Chile**, we benefitted from the government’s decision to introduce public incentives. **Peru, Brazil** and **Colombia** recovered quite strongly. **Argentina** was the only country to show lower volumes than 2019 due to an ongoing challenging economic situation.

Fibre cement benefited from the lack of available alternative materials, leading to a healthy volume increase compared to both 2020 and 2019, notably in **Chile**. Energy costs were less affected than in Europe, but we had to deal with a shortage of some raw materials.

Asia and Africa

Nigeria was on the up, backed by a strong market and issues with importing alternative materials. In contrast, business in **South Africa** remained challenging mainly due to a still weak market.



In plasterboard, our recently acquired business in Australia (read more on [p. 29](#)) exceeded our business plan expectations.

Profitability

Despite facing strong inflation, the profitability of the division improved through price management and sound cost control. We continued to benefit from the restructuring measures implemented over the past years.

A new plasterboard production facility in Bristol (UK) – Etex’s largest investment ever – is currently being built. We are also actively investigating options to increase capacity both in Europe and Latin America.

Outlook for 2022

Ongoing raw material inflation, especially concerning energy, paper and silicon, will continue to negatively impact our business in 2022. The impact of this strong inflation may also lead to delayed investments in new projects. However our current pipeline and feedback from customers allow us to be optimistic for the months ahead.



Key commercial initiatives

Improving buildings and saving lives through fire safety webinars, earthquake tests and innovations in acoustics, fibre cement and fire stopping, are among the many 2021 achievements of Building Performance. The expansion of the My Etex platform across the globe is also a reminder of our inherent drive to continually enhance the customer experience.

Seismic engagement for passive fire protection in Europe

Acutely aware that architects and building engineers need to keep abreast of evolving fire safety regulations and innovations, the PROMAT team launched a programme of global webinars to share the company's expertise. "The success of our fire protection projects is the result of great collaboration between all parties involved", says **Marco Antonelli**, Global Training Director.

PROMAT also took part in the European EQUFIRE project where an independent lab tested the PROMATECT®-H board for earthquakes. In the aftermath of such an event, fire often breaks out, destroying building structures. "The seismic test results proved that the load-bearing steel structure remains fully protected when encapsulated with PROMATECT®-H boards", says Global Product Manager **Arnoud Breunese**.

FSi Limited, our UK specialist in fire stopping, launched Silverliner® OSCB, an Open Static Cavity Barrier that offers a fully tested response to the urgent need to renovate and protect façades in high-rise residential buildings. As FSi Director **Ben Peach** explains: "It allows for ventilation and drainage in normal conditions, and will reinstate the horizontal and vertical compartmentation levels in case of fire."

Giving Latin American customers the quiet and structure they need

Building Performance in Latin America developed products based on our customers' needs in terms of acoustic performance. "In 2021, we launched Gyplac Acoustic Plasterboard in Chile", says **Jose Ignacio Vergara**, Regional Marketing & Strategy Manager for Latin America. The 10mm, higher-density plasterboard, designed for the diffuse market and home offices, reduces ambient noise between rooms by up to 40% compared to other systems.

In Argentina, Chile, Colombia, Ecuador and Peru, "we have moved from thicknesses to an application fibre cement portfolio, introducing ceiling, partition, external envelope, façade boards amongst others" **Jose** adds. An example of this strategy implementation has been the launch of Fibrocemento Estructural, a robust, fire- and humidity-resistant fibre cement board for racking and structure applications, that has penetrated the market where the traditional OSB (Oriented Strand Board) was the main option.

My Etex platform: our ticket to customer satisfaction

To make it easier for our customers (distributors) to do business with us and with their own customers, we developed My Etex, an online portal providing a robust, transparent system in one central location.

Customers can check order statuses, track and trace trucks, review and download invoices, etc. "To help reach our customers, we ran localised promotional campaigns and created 'how-to' videos to be shared with our customers, increasing awareness and helping our customers use My Etex", says **Dennis van Heezik**, Chief Digital Officer. "The key differentiator vis-à-vis our competitors is that we link all customer transactions with Etex (orders, claims, invoices)."

My Etex is now live in ten countries, with more countries and added features in the pipeline. "My Etex is for us a key contribution to truly partnering with our customers, supporting them in their day-to-day activities", **Dennis** notes.



Gyplac Acoustic Plasterboard

PROMATECT®-H board seismic testing for the European EQUFIRE project



FSi Limited's Silverliner® OSCB

Through Wall

No obstacle in sight for breakthrough product penetrating the market

- Racking performance inside and outside walls
- Weather-resistant for 12 months during construction process
- Fully tested and 30-year warranty
- One-stop shop, service and support
- Clean, safe, efficient construction
- Unique on the market



“It’s a big challenge to step out and compete in a new market. Now we have an ample portfolio, but we have to keep listening to customers and markets.”

Susana Nahum,
Gypsum Innovation Insight Manager



Reward for insightful vision

As **Susana Nahum**, Gypsum Innovation Insight Manager, explains: “Through Wall is a strategic initiative of our R&D department. The name comes from ‘through the wall’. It had to accommodate plasterboard, frames and outer walls. With the Through Wall technology, the playing field has now changed for external building envelopes. “We have a robust portfolio made of different technologies and products and we can compete in every single function.”

Competitive edge

With Through Wall, Etex focuses on integrity (sheathing or insulation application), façade substrate (render or tile finishing) and building stability functions including racking performance – the latest Etex technology and one that is currently conquering the market.

“Back in 2017, we couldn’t compete with timber panels, they had a great performance in racking, and we didn’t have a solution tested and validated for that. Then our wet-strength technology that was in AquaBoard and Weather Defence evolved into high-density crystallisation (HDC) technology, allowing us to enter a new market. We then launched DEFENTEX in 2020 in France. And by 2021, we had a European Technical Assessment (ETA) to validate tests”, **Susana** adds.

The technology is also being demanded in markets such as Germany and Poland. The HDC technology is patented by Etex, something that has involved different markets, Innovation Technology Centres (ITC) teams, commercial teams and also the New Ways division. The new industry of modular, panel and 3D construction has unique requirements, so there is a dedicated R&D team working closely with the Building Performance and New Ways divisions to develop tailored solutions.

Market uptake signals prosperous times ahead

Customers want to deal with a company that can offer Through Wall systems, such as our British trademark Thruwall, especially with regard to warranties. “It’s a great advantage we have, and a competitive differentiator that we can give the full solution of the system and, with that, the full warranty of up to 30 years”, **Susana** points out. Etex also uses both technologies (gypsum and fibre cement) and has the inherent knowledge needed, which is a differentiating factor compared to some of our competitors.

Building blocks of the future

Reflecting on her Through Wall journey, **Susana** shares some personal insight: “We can change the approach of lightweight construction for Etex in the future, taking all the knowledge we have of the inside construction of the building and now, with Through Wall, to the exterior wall.”



ACTIVITY REPORT

Building Performance - Inspiring story

The initial process started in late September 2020, with the business fully acquired in February 2021. "We saw this acquisition as a great opportunity to further develop in Australia, since this country has an attractive lightweight construction market with high plasterboard penetration", **Patrick Velge**, Head of Corporate Development, explains. The plasterboard business there is receptive to systems with a great share of acoustic and fire protection performance, which opens the way to Etex's competitive expertise and technologies. The move also represents an opportunity for the company to grow more in the large fibre cement market.

Communication key in remote acquisition

In a "COVID world", the acquisition was effectively carried out remotely through online meetings and videos, involving people in various time zones. "Both the central and Australian teams have been very flexible, and took the time to bond and connect. People were keen to work together", **Patrick** notes. A leadership event was held once Australian



colleagues could meet face to face again after the lockdown period. Members of the leadership team in Europe took this opportunity to explain the integration programme in more depth and answer questions.

"We needed to work on the direct consequences of the acquisition, so during the first year we focused on cut-off items discarding the previous commercial brand, deploying new IT systems, introducing Siniat as our commercial brand and Etex as our employer brand, and reintroducing ourselves to Australian customers", **Patrick** explains. People engagement, explaining our purpose of inspiring ways of living, and ensuring safety in operations were also addressed and got us closer. "The dedication of the teams has been fantastic and the drive to push continuous improvement through the changes has never faded down", **Patrick** adds.

The rebrand challenge

Siniat is Etex's largest plasterboard brand, with significant presence in Europe and export activities in Africa and Asia. "The Corporate Communications team reworked the brand guidelines", says **Stephanie Olsen**, Marketing Manager at Etex Australia. "It was a very positive experience, being given help, guidance and support the whole way along."

The Siniat brand was virtually unknown in Australia, so it had to be introduced to both customers and employees. Videos were produced to show the new branding: "We were acquired

Opening new doors in Australia

Etex's recent plasterboard business acquisition in Australia tells a story of welcoming new teammates from the Land Down Under. Clear communication, support, openness and drive combined to make this 'remote' operation possible.



Patrick Velge,
Head of Corporate
Development



Stephanie Olsen,
Marketing Manager
at Etex Australia



Anna Green,
Head of Creative
Content at Etex Australia



Gavin Burton,
Managing Director
of Etex Australia



by Etex, but then you go outside and you put your Siniat hat on," explains **Stephanie**. "We had to deal with the fact that the previous brand remained in the country, but was a competitor now", **Anna Green**, Head of Creative Content at Etex Australia, adds. It was a case of telling the story, over and over again. "The synergies were there with Etex, notably its values and the strong focus on safety and sustainability", **Anna** points out.

Engaging with teammates locally

People were in various states of lockdown in Australia, so clear general

and COVID-related communication was important. We engaged with factory teammates by sending information by e-mail, to ensure they and their families would see it. "We changed all the signage in the factories very quickly and everybody got new uniforms. We involved people from all sites in selecting the uniform with the new logo, so it was a very collaborative process", says **Gavin Burton**, Managing Director of Etex Australia.

"An employee survey saw the engagement increase among teammates post-acquisition", says **Gavin**. The Australian business also took part in Etex's Global Induction Programme, with videos on the Leadership Principles made available to all employees. Furthermore, "we've adopted the SafeStart programme, shared SafeStart stories in the business, and have employed more safety professionals in our operations," **Gavin** notes.

Looking back, he reflects: "There's been a huge amount of trust, support and confidence from the team in Europe, which has helped us to engage and become closer and more affiliated with Etex and the Siniat brand."



"There's been a huge amount of trust, support and confidence from the team in Europe, which has helped us to engage and become closer and more affiliated with Etex and the Siniat brand."

Gavin Burton, Managing Director of Etex Australia

Exteriors

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

CEDRAL

EQUITONE

Eternit

2021 was a very positive year for the Exteriors division which almost entirely recovered from 2020, despite several challenges. Head of Division Michael Fenlon comes back on the key developments of last year and explores what 2022 has in store.

How would you summarise 2021 for the Exteriors division?

2021 was again an unusual year, similar to 2020. We recovered from the adverse impact of COVID in Q2 2020, yet even if the construction sector in general resumed operation in Q3, it should be pointed out that not all sectors bounced back to full capacity. We performed well in all areas, although the strongest area remains residential renovation with significant growth. Overall, we posted very healthy results and improved our general performance: top line, bottom line, overheads, product quality, customer service and efficiency.

Can you explain the increase in costs experienced this year?

Like the other Etex divisions, we saw an unprecedented hike in input costs, which came shortly after the construction sector recovery. It stemmed from the disruption COVID caused in global supply chains followed by exceptional increases in energy costs and raw materials across the board. This looks set to continue in 2022, certainly for the first six months. No one could have anticipated the scale of this increase. This tight supply situation was further impacted by adverse weather or other unexpected interruptions such as the Suez Canal blockage. I know our customers struggle with the exceptional price increases and we have really tried to keep

these to a minimum. However, the biggest challenge we're facing today is securing supply of raw materials to ensure we can continue to manufacture our products and supply them to our customers.

What are the prospects for 2022?

For the first half of 2022, we expect the residential market to remain strong, but taking a longer view right now makes no sense given the ongoing volatility and uncertainty. We will monitor a few factors closely, particularly the impact of inflation on construction costs and demand. It will take another six to twelve months before we can properly assess if the instability in the supply chain will settle down. The only way to respond to the current situation is to be as agile as possible so that we can react quickly without the need for in-depth planning and forecasting. The dynamic of the construction market is opening the door to new ways of production and construction, and our focus is to participate in this step change.

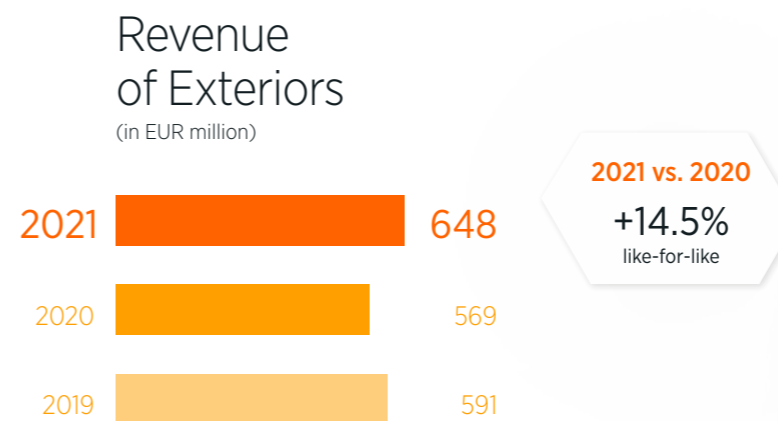
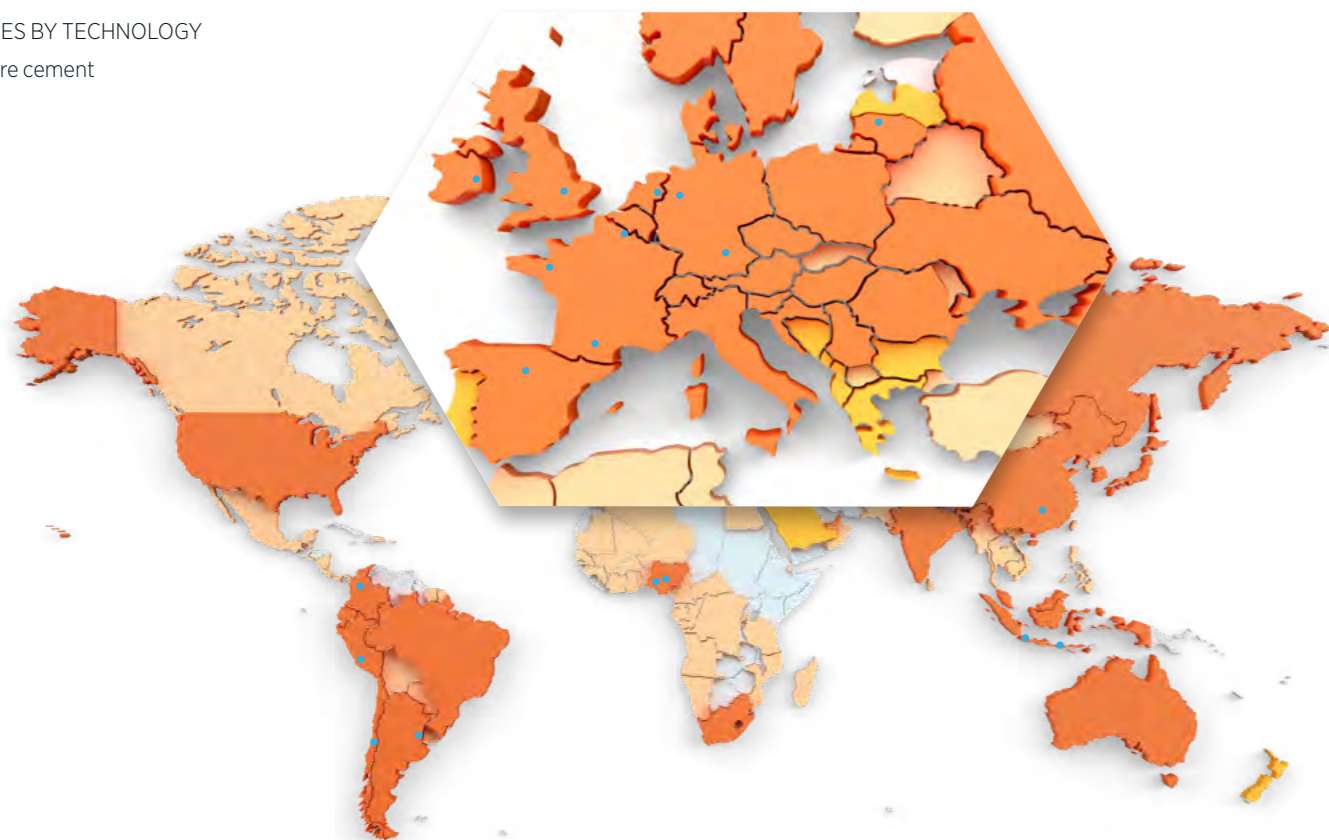
“We performed well in all areas, although the strongest area remains residential renovation with significant growth. Overall, we posted very healthy results and improved our general performance.”

Michael Fenlon,
Head of Division - Exteriors



SITES BY TECHNOLOGY

● Fibre cement



How did we perform in 2021?

It was generally a good year with healthy sales in both Europe and Latin America. The performance was driven by a strong recovery in demand for residential construction in all markets. The architectural segment continued to be hit hard by COVID, although with the seeds of recovery coming in the second half. The agricultural segment remains an important if declining part of our activity. The year also saw continued improvement in profitability.

The first half of the year was particularly positive, as evidenced by all indicators. However, by July we started to see significant input cost increases, which accelerated markedly through October and November, at a level much steeper than expected. This disruption in supply coupled with the unexpectedly strong recovery in demand has led to exceptional input cost increases. It will still be some time before stability returns.

Revenue

Residential

Europe: the Cedral façade and roofing segments performed very strongly across all European countries, with good growth in **France, the UK** and **Eastern Europe**. Smaller increases have been registered elsewhere. This growth has been driven by a strong surge in repair and renovation activities, following a similar trend in 2020. Our new product Cedral Terrace also enjoyed healthy growth in **Belgium, Germany** and **France**, and we expect to build on this good start this year.

However, there is still plenty of room for improvement in the residential segment, as our market share compared to other materials remains low in some countries. One thing in our favour, and that has

allowed us to grow, has been our ability to maintain supply and price adjustments at modest levels.

Latin America: the boom in renovation drove sales of corrugated sheets (for low-income residential purposes) in Colombia and Peru. Sales of Cedral façade surged in Chile whilst we sustained positive growth in Argentina.

Architectural

2021 saw a sustained recovery in sales although still below the level of 2019. Façade activities suffered the most during COVID, since they are linked to large projects. Many projects continue to be put on hold and inflation in construction costs is not helping.

North America: following a recovery in performance in 2020, 2021 continued to show good results. There is still plenty of potential, so this is a key region for us to continue developing EQUITONE.

Europe: there was a slight improvement in sales, with very strong activity in the first six months. However, activity decreased in H2 due to a slowdown in projects and fewer building permits in 2020. **Germany, the UK** and **the Nordics** experienced a dip in activity, whilst **France, Belgium** and **Russia** remained positive.

Export business: performance was very good for exports. **Australia** however was again heavily impacted by strict COVID containment measures.

Agricultural

The agricultural segment was less impacted by COVID; however we are still exposed to the long-term decline in agricultural activity associated with over-production and the increasing impact of sustainability both in terms of environmental regulation and consumer tastes. That being said, this trend was less evident in 2021 due to advantages compared to steel as fibre cement was less impacted by price increases.

In **Europe**, there was a slight increase in revenue, but it varied from country to country.

Profitability

Exteriors posted a healthy profitability level in 2021, stemming from a favourable product mix and continuing the upward trend seen from 2019 to 2020. The division similarly experienced good progress in its manufacturing efficiency and product quality.

Overheads increased slightly compared to 2020 when they were exceptionally low. The later part of the

year around October-November was negatively impacted as a result of input price increases.

Outlook

As for most companies, the impact of COVID and risk of new variants makes it extremely difficult to predict at this stage. Further containment measures, including lockdowns, cannot be ruled out and we are already seeing a second wave of inflation driven by the downstream impact of surging energy prices.

The residential segment is expected to remain very strong in the first half of this year, but after that, it is more difficult to predict. For the architectural segment, we are likely to see a sustained recovery driven by demand for multi-residential construction. The agricultural segment will continue following its overall downward trend, which is not COVID-related.

We will keep a close eye on how increases in input costs will impact demand. Our aim is to be as agile as possible, so that we are in a strong position to face any situation.

Key commercial initiatives

From Chile to Dubai and everywhere in between, the Exteriors division's products are being proudly showcased and hitting the mark with customers. With sales figures on an upward trajectory and positive customer feedback flowing in from all corners, good times look set to continue for the business.

Cedral Select, a #customerfirst platform connecting homeowners and installers

Cedral Select is a great example of collaboration across functions via our #customerfirst project. "We developed a quality label for installers using our Cedral roofing and façade solutions and a digital platform to connect them with homeowners interested by our products", explains **Gianfranco Apicella**, Head of Europe at Exteriors.

Homeowners are able to research materials, make budget calculations and request quotations directly from Exteriors trained and checked installers all on the platform. This significantly simplifies the customer journey. Etex now has a proof of concept for this platform for the Benelux, the UK, Germany and France. After fine-tuning in 2022, the platform should be ready for all markets in 2023.

Simplísima's success story continues

Simplísima is a decorative fibre cement board which opened new markets and opportunities when it was launched five

years ago. An inkjet paints attractive designs (ceramics, wood, stone, etc.) on the boards, which are produced in Santiago then predominantly sold in Chile and exported to other South American countries.

In 2021, the Simplísima portfolio was updated with new colours and patterns following comprehensive customer research. "No other provider has a similar product, and many distributors and homeowners say they only want Simplísima, which gives us a clear competitive advantage", notes **Jose Vergara Ross**, Regional Marketing & Strategy Manager for Latin America. "We doubled the sales of Simplísima in 2021, that is more than a million square metres in volume."

Delivering architectural excellence at Dubai Expo

"Etex, through its Exteriors and Industry divisions, is among the key suppliers of the World Expo in Dubai that opened its doors in October 2021", says **Nicolas Macor**, Business Unit Manager AMEA & Export at Exteriors. "This shows Etex's reputation as a global supplier of choice."

For the Expo, the Euro Panels Overseas team provided EQUITONE architectural panels ([linea], [natura], [tectiva])

for several areas, including the Expo's Metro station and the pavilions for Hungary, Argentina, Panama and Uruguay.

Quality to the customer at the core of our ambition

Etex launched a thorough approach to quality standards in 2021. "We have been activating the global community to embark on our quality journey", explains **Jens Goers**, Group Head Quality and Process. "We have put effort into understanding our customers' needs better than ever – for our Exteriors division, we conducted market research together with our product management to understand what matters most to our customers, and we translated this into Critical to Customer criteria for our production units."

The group also saw a quality management dashboard launched to have transparent access to our quality performance on all levels of the organisation. With that, customer claims as well as trends in quality performance can be translated into action much easier than in the past. This helps to go further in our quality-driven approach.



Simplísima's graphite fossil brick design on a terrace

Dubai Expo's metro station featuring EQUITONE [linea] & EQUITONE [tectiva]



EQUITONE [lunara]

Created on Earth, with an other-worldly texture

- Panel individuality for a bespoke aesthetic
- Lunar-inspired design
- Through-coloured patterns
- Non-combustible
- Frost-resistant
- Rot-proof surface
- Water-impermeable



“This was the first time that we launched a new material as ‘one EQUITONE’ to the world on September 21st, the date of a full moon!”

Geert Van Kelecom,
Head of Product Management
at Exteriors

Eye-catching individuality turns heads

Façade cladding expectations are changing both technically and aesthetically, so EQUITONE has developed the new [lunara] range, inspired by the Moon. The natural look of the rough, unpolished product surface is proving to be an eye-catcher.

The new fibre cement panel has been tailored in cooperation with renowned international architects. The special production process means that no two panels are identical, making each façade unique. EQUITONE [lunara] is non-combustible, suitable for ventilated façades and can be easily mounted on wooden or metal substructures. “The panels guarantee a frost-resistant, water-impermeable and rot-proof surface, as with the other EQUITONE materials”, explains **Geert Van Kelecom**, Head of Product Management at Exteriors.

Architects love the new material, an innovation that is testament to Etex’s in-house expertise. The company literally went ‘beyond the surface’ and used its typical fibre cement matrix to create this new product.

Lessons from space

Research and innovation are essential in both space exploration and new material creation. “Yet, in both cases, we also rely on the known, on the elements and scales of our environment, on a limited amount of resources – in short, on our own nature”, **Geert** says.

The art of lunar launches

The Exteriors division set up a pilot launch in Germany in 2020. The material was then fully released in 2021 and rolled out in

all markets. Etex teammates from across the globe stepped up for the launch and marketing efforts, which included a moon calendar. “This was the first time that we launched a new material as ‘one EQUITONE’ to the world on September 21st, on the date of a full moon!” **Geert** points out.

The promotional campaign itself was inspired by creative British street artist Slinkachu, who embraces scale in his pieces. This globally recognised artist creates installations in miniature size, using everyday objects or the urban landscape, tapping into street art, sculpture, installation art and photography.



Giving architects the tools to appreciate EQUITONE's sustainability features

"Our entire industry is confronted with a challenge when it comes to sustainability. The starting point is to acknowledge and embrace it. Everybody knows that we have lightweight materials. We want to move from lightweight materials to light impact.", emphasises Michael Fenlon, Head of our Exteriors division.

For the EQUITONE fibre cement façade materials, this journey started several years ago. **Maarten Milis**, Product Manager Sustainability at Exteriors, explains: "We started by conducting a large connecting exercise with architects, academics and experts on sustainability and the circular economy". With this 'circular economy council', Etex explored how EQUITONE could meet architects' needs in terms of sustainability. Clear facts and figures on the environmental aspects of the products was what they required. Knowing this, a suite of sustainability documents and messages was developed to help inform the architects when choosing their materials.



United voices of Etex

Voices from across Etex's global family are clearly on the same page. Cedric Pinto, Senior Specification Manager Australia, shares his thoughts: "EQUITONE has been driving the sustainability agenda internally for some time now, in the way we talk and act. We also see it as a blueprint of how other brands and divisions could look at sustainability." Meanwhile, Susanne Ingemann, Country Manager Nordic, sets out their three areas of focus: "Material with a light impact, design for disassembly and circularity, and radical collaboration with other stakeholders."

Ongoing research and innovation is vital fuel in this quest. "We currently allocate more than 30% of our resources to sustainable development projects, in all our R&D teams, and we're committed to increasing that proportion of our efforts", explains Eric Bertrand, Chief Innovation Officer.

"If we make our ambitions public, if we let the rest of the world know about them, then others will hopefully do the same", notes **Maarten Milis**, reflecting Etex's purpose to inspire ways of living.

Urban mining, a fresh (re)start for façades

EQUITONE's longevity makes it a suitable material for urban mining. The concept of urban mining stems from the fact that,

From lightweight to light impact

Moving to even more sustainable and light impact products requires novel solutions. Etex has set out to find these, teaming up with a wide variety of stakeholders, including city councils and students.



"Before recycling, all avenues for sharing, maintaining or reusing our products need to be explored."

Maarten Milis,
Product Manager Sustainability
at Exteriors

due to limited natural resources available, Etex should see buildings as 'mines' and reuse their materials. Fibre cement in particular is very long-lasting and often survives the lifetime of a building. We thus research and experiment in several ways, and the Belgian coastal city of Bredene presented an opportunity. "A façade was going to be removed so we reached out to its city council to find out whether we could harvest the material there.", says **Maarten Milis**.

In late 2021, the boards were harvested and taken to Etex's R&D centre in Kapelle-op-den-Bos, Belgium for tests on potential reuse in a new building in Bredene or elsewhere in circular buildings. "What is important is that we are testing how we can make the most of all materials.", **Maarten** points out. Etex's tests look at how to work with the existing panel holes, whether the panels would be strong enough when reused, etc.

Kelly Spillier, Alderwoman for the environment in Bredene: "I am very happy that the council of aldermen has joined this project to reuse these façade panels. I think it is great that they can be given a second life, because sustainability and recycling are key."

Ecodesign students up for the challenge

Some EQUITONE materials leave Etex's factories, but do not make it to construction sites due to cutting requirements for specific building designs.



"In December 2021, we organised the EQUITONE ecodesign challenge with a group of around 30 students from the University of Antwerp (Belgium)", **Maarten Milis** says. The brainstorming identified ways to optimise the products and create value during the production process. "Recycling is clearly an important step, but before getting there, all avenues for sharing, maintaining or reusing need to be explored. We always want to keep our materials as high as we can in the value chain", **Maarten** emphasises.

Both the Bredene and Antwerp projects were organised with support from Circular Flanders, an inspiring partnership of governments, companies, civil society and the knowledge community.



Industry

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

Promat

2021 showed two very different faces. While overall performance improved and some business segments are back to pre-COVID levels, the Industry division also faced new challenges. Its Head, Steven Heytens, looks back on the year and gives us a glimpse into the future.

How did the Industry division perform in 2021?

The past year has been a mixed story. After a tough 2020 due to the COVID-19 pandemic, in 2021 we continued to deliver on our strategic initiatives announced two years ago. In Europe and North America, we significantly improved overall performance year-on-year.

By contrast, in the AMEA (Asia and Middle East) region and throughout the Oil & Gas segment, business remains challenging. We saw some improvements, but the activity remains significantly below pre-COVID levels, whereas we can say things have gone back to normal in the other regions and business segments.

How do you explain the sharp increase in input costs we are witnessing since last year?

After a major slowdown in 2020, the overall economic activity picked up again in 2021. While this is good news, the rapid increase in demand across all areas triggered heavy pressure. An example of this is our division’s transportation segment, which is dominated by the commercial aircraft and cruise boat industries, both closely linked to tourism, a sector that bounced back this year.

Issues we had to deal with in 2021 include securing enough capacity, labour shortages and suppliers struggling to provide raw materials, leading to significant cost increases.

There was also a notable amount of pressure on capacity and cost of transport and logistics, further aggravated by the Suez Canal incident and the ensuing worldwide impact felt over several months. This situation called for a rapid readjustment of our supply chain and operations.

What is the outlook for 2022?

There is still uncertainty surrounding input price fluctuations and COVID containment measures. However, we anticipate a positive trend in Europe and North America. Several segments such as renewable energy, thermal storage and fire rated insulation construction components are looking healthy with interesting projects in the pipeline.

Overall, the portfolio of the division continues to shift from a project-based business to include more recurring business, meaning our risk portfolio is more limited than before.

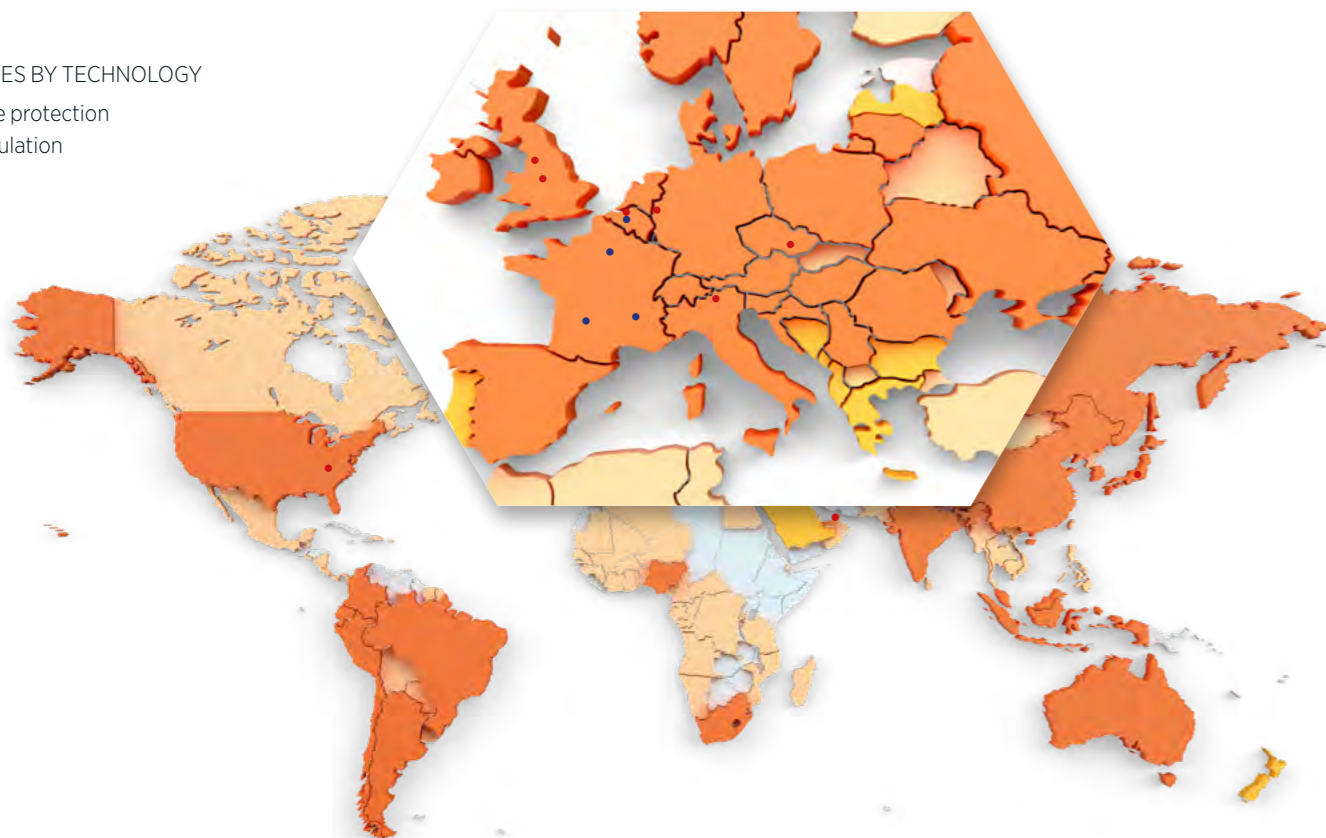
“We continue to shift from a project-based business to include more recurring business, meaning our risk portfolio is more limited than before.”

Steven Heytens,
Head of Division - Industry



SITES BY TECHNOLOGY

- Fire protection
- Insulation



Revenue of Industry
(in EUR million)



2021 vs. 2020

+11.8%
like-for-like

How did we perform in 2021?

Last year, both our top-line and profitability grew compared to 2020, but were still below 2019, the last “pre-COVID” year. Industry faced heavy input price increases, higher transportation costs and shortages of raw materials. The impact of COVID-19 was still clear to see, especially in the AMEA region. The United States performed well, while Europe had already started recovering in the fourth quarter of 2020 and is now almost back to 2019 levels.

Revenue by region

Europe

Excluding the acquisition of FSi Limited (a UK-based passive fire-stopping expert) in 2020, the revenue increased versus 2020 but remains lower than in 2019, mainly due to the transportation segment which is still not fully recovered. All segments performed well, especially fire-rated applications and appliances (our major segment in Europe), which has returned to pre-COVID levels.

Asia and the Middle East

COVID impacted the Middle East and Southeast Asia regions the most, leading to a slight top line growth compared to 2020 but still a marked drop versus 2019, mainly due to significantly less investment in the Oil & Gas segment.

Japan was heavily impacted by the COVID-19 pandemic and an adverse economic environment.

India was an exception with stable growth versus both 2020 and 2019 despite extended national lockdowns. The future looks bright in the country thanks to the strong partnerships we have built there.

North America

The division recorded a strong performance in **the US**, with noticeably higher revenue versus 2020 and 2019. These results were mainly driven by

dynamic sustainable energy and marine segments, despite temporary supply problems for fumed silica, one of our key materials. The order book for 2022 is looking healthy as well.

Revenue by segment

Transportation

Revenue in this segment significantly improved over 2020 but was still below 2019. The impact of COVID-19 was partly positive here: we have successfully launched Pluratect, a new fire rated board for marine, and the aircraft industry has recovered in the second half of the year. Further, demand was high for temperature-controlled packaging and refrigeration logistics to transport COVID-19 vaccines. With its tailored solutions, Industry was able to take part in this activity.

Thermal process industry

We expect maintenance and repair activities to pick up more in 2022 than it did in 2021. The heavy industry was hit hard by the COVID-19 pandemic, which naturally affected us. But as maintenance and repair activities still needed to take place, Industry was able to carry on some business. The European Green Deal offers good prospects for this segment, notably because our customers will require better insulation systems.

Oil & Gas and energy

Overall, results in this segment are better than in 2020 but substantially lower than in 2019.

Oil & Gas: COVID-19 has affected exploration activities, and stiff competition in the AMEA region impacted margins. Our participation in the Dangote project (see Annual Report 2019, p. 63) was discontinued in 2021 but will resume this year.

Energy: two major international projects contributed to our results in 2019, leading to unfavourable comparisons in 2020. In 2021 we generated some additional business from the same customer. We also signed two interesting projects that already had a positive impact in the fourth quarter of last year. Two others were signed in early 2022.

Fire-rated applications and appliances

Given that the performance was better than in 2020 and even slightly above 2019, excluding the divestment of a glass business in Germany, this segment is back at pre-COVID levels. The renovation upswing in Europe boosted demand and clearly stimulated this sector. We still lead the way in several sub-segments, and are confident in the potential of the fuel cell sub-segment.

Profitability

2021 was a year in which we focused on the revenue balance and kept our margins as stable as possible in the face of severe cost increases. As a result, the profitability of the Industry division was higher than in 2020 due to structural savings, which were introduced last year to cope with the COVID impact, but delivered their full impact in 2021. Thanks to a significant improvement at the end of the year, our profitability levels are also comparable to 2019. This was mainly driven by top line growth, a favourable product mix and lower running costs.

Outlook for 2022

Overall, we are optimistic and expect our business to grow further in Europe and North America, provided we have access to raw materials at a reasonable cost. Cost levels remain somewhat unpredictable at this stage. We expect the transportation and fire rated component sectors to carry on improving, with other segments following the same trend. In contrast, Oil & Gas looks set to continue being detrimentally impacted in 2022. COVID might also continue negatively impacting our activities in Southeast Asia and Japan. Prospects are healthy in new growth pillars such as renewable energy, thermal storage and thin insulation, with several projects in the pipeline.

Key commercial initiatives

Recognising the benefits of streamlined processes, Etex kicked off 2021 by launching both a customer service platform and a technical support platform. These platforms allow the teams involved to engage more proactively with customers to provide tailored solutions, addressing their needs and offering the quality services Etex prides itself on.

A journey towards commercial excellence: one service platform for all customers across Europe

Streamlined processes, greater ownership

Launched in early March 2021, this new customer service platform centralises the Industry division's customer support activities in one place. It results in streamlined processes, from initial hot leads to billing, alongside shorter response times.

The Industry division can now manage demand planning better. "It is a revolution in terms of how commercial teams bring information to the factories", says **Michael Jansen**, Head of Customer Service for the Industry division in Europe. "This also gives us an enhanced impact on customer satisfaction, whatever the touchpoint is", he adds.

Early success indicates promising times ahead

The platform has already enabled Industry to record EUR 8 million in additional sales. The large majority of European countries are already onboarded to the platform, and all of them will be by the end of May 2022. "The plan is to look at other regions where it could be implemented", **Michael** notes.

Automated recognition, leaner services in order entry

The platform has implemented an OCR (optical character recognition) tool that automatically analyses data in customers' orders, such as the company name, delivery address, material number, etc. "Today, we use the OCR tool for 70% of orders", **Michael** proudly says. Industry's goal is to hit 90% use by the end of 2022, allowing for less administrative work thus more focus on customer interaction. Continually striving for perfection!

A technical support platform to engineer solutions for our clients

Hub of niche expertise

The idea of setting up a digital technical support platform stems from the fact that many solutions are Original Equipment Manufacturing (OEM), thus highly technical products. The platform was launched in early January 2021 and brought together 15 of our technical engineers from all over the world.

Client requests now reach the right person with the right expertise, directly and quickly, no matter where the client is. "Our team is split into three groups; thermal efficiency, fire

safety, and acoustical & transportation", says **Wouter Toonder**, Head of Technical Support Platform. The team can handle engineering, simulations, drawings, and Etex has the ability to do full scale mechanical, acoustic and fire testing in its own facilities. Projects cover many different domains: marine, aviation, thermal process energy, fire rated applications, energy, etc. This makes us very competitive on the market.

Support in practice

The engineers then head out to clients to discuss and develop tailored solutions, and help them get approvals. "For instance, pre-testing takes place in our own labs in Tiselt, Belgium and Avignon, France to see if the client's designs work - then we go to an official laboratory with our clients to pass the official tests", explains **Wouter**. For instance, for a marine business, "we did 14 fire tests, and because of that, the client can have a single solution for all its different shipyards around the world". In its first year, the team saw a total of 1,500 projects registered.

Linking platform to platform

Afterwards the team can move from the technical platform (design aspect) to the customer service platform (quotes, budgets, etc.). "It all works seamlessly together, and what we have in common is making the life of all customers better and easier", **Wouter** concludes.



Fire testing is part of Industry's technical support platform



PROMALIGHT 1000R

Etex technology powers rover life on planet Mars

- Thin and lightweight
- Withstands temperatures of up to 1,000 °C
- Extremely low thermal conductivity
- Non-combustible
- Custom-made machined parts
- Traceable materials
- Environment-friendly, free of organic binders



“Thanks to our material, an uninterrupted supply of power is made possible during the seventeen years of the Perseverance mission.”

Bill Gregg,
Business Development Manager
at PROMAT



Venturing across other-worldly horizons

In February 2021, space witnessed a historic moment: the Perseverance rover – the most advanced interplanetary explorer yet – touching down on Mars. After almost seven months in transit, Perseverance made a pinpoint landing in the Jezero crater, a feat made possible with Etex technologies.

Perseverance is full of innovative technologies that need to withstand long-distance space travel and the inhospitable other-worldly conditions on the red planet. It is expected to stay on Mars for 17 years.

Mission-critical power supply

To ensure Perseverance survives life on Mars, the microporous insulation technology provided by Etex’s PROMALIGHT 1000R has been incorporated into the rover’s mission-critical power generation system.

PROMALIGHT 1000R is an insulation board with custom-made machined parts and excellent thermal performance, ideal for high-temperature applications with limited space. As **Bill Gregg**, Business Development Manager at PROMAT, explains: “Thanks to our material, an uninterrupted supply of power is made possible during the entire lifetime of the Perseverance mission.”

“Our block product is recognised for its very low thermal conductivity, relatively light weight, and consistent quality for machining and durability. Space applications require very high quality standards. For this project, our customer required that all the materials supplied be of the same performance and quality. Therefore, all the PROMALIGHT 1000R were produced from the same lot of fully traceable materials, and the same lot then successfully passed full performance testing”, he adds.

One pioneering milestone at a time

Celebrating this remarkable feat, **Steven Heytens**, Head of the Industry division, comments: “We are thrilled that Etex materials helped to achieve this milestone in space exploration. With a special thanks to our American team and all colleagues in support. This shows once again our innovation expertise and that our purpose to inspire ways of living goes a long way.” Given PROMALIGHT’s superior quality, it is used in other highly demanding applications such as flight data recorders (black boxes) or sustainable energy systems.

To quote astronaut Eugene Cernan, “Curiosity is the essence of our existence.” This curiosity is also what motivates Etex to develop pioneering materials for buildings and beyond. Speaking of which, Perseverance’s older brother, the Curiosity rover is also powered by PROMALIGHT 1000R and has been on Mars since 2012.

ACTIVITY REPORT

Industry - Inspiring story

Dynamic duo

Brückner is a long-term client of Etex, the relationship stretching back to at least 2001, according to **Daniela Ziegler**, in charge of technical procurement at Brückner. The two companies have worked together on an estimated 600 to 700 machines so far, says **Enno HJ Feulner**, Key Account Manager TPI (Thermal Process Industry) Europe at Etex – nothing short of a success!

Experts who know their business

So what exactly does Brückner do? This German company develops and sells very large machines, some up to 200 metres long, that produce different kinds of films for packaging products: food, screens, phones, batteries, etc. Over the last two to three years, demand for these products has soared as a result of COVID, particularly in the Asian market. One particular machine used for heating and stretching the film is much like an oven, and that is where Etex comes into the picture, supplying insulation plates for it. “It is kind of a sealing element”, **Enno** explains. But customisation is critical when dealing with these machines, and calls for experts



who know their business. “Every machine is customised based on the specific needs of our customers who buy our machines”, **Daniela** points out. She sends machine drawings to Etex which then prepares detailed plans based on these. Etex delivers a composite element, the calcium silicate-based insulation board PROMATECT-H, which is prepared in a workshop in Wuppertal, Germany, as well as a wool core with specific properties needed for the machines.

Modularity for added value

One of Etex’s many strengths is that it can provide the required products in a semi-assembled way. There are clear efforts to generate more value by offering modular products based on customer needs. What is key is providing a solution that allows for quick installations, **Enno** notes. **Daniela** agrees that every supplier wants to have something special for their machine. “They all have their special layouts and functions, some customers require extra features, so every machine is different”, she remarks.

Benefits for Brückner

“Given the level of heat produced in the oven, energy costs can be extremely high when operating a machine, so it is important to retain as much as possible of the heat inside the machine”, **Daniela** says. This is achieved thanks to Etex’s products, resulting in significant energy savings for Brückner.

Enno recalls early discussions about the importance of maintaining a certain temperature for sustainability purposes. Specifications in terms of heat and

Strong commercial bond, designed to last

Etex and its client Brückner discuss how their shared values of quality service, precision, clear communication and high performance underpin a thriving commercial relationship. And how to continue growing together.



Daniela Ziegler,
Technical Procurement,
Brückner



Enno HJ Feulner,
Key Account Manager
TPI Europe, Etex

quick installation times mean that Etex has to prepare everything with extreme precision! “If you are off by a few millimetres, it will not fit in the steel frames and therefore won’t insulate properly. This takes time to perfect, but that is what Etex does!” **Daniela** adds: “Our machines are high-quality products, so all elements need to be high quality – which Etex provides.”

Delivery performance is also pivotal for Brückner’s operations. It can at times be challenging to ship machines to customers on time, but Brückner’s close relationship with Etex and its customers helps the company overcome this. Materials need to be shipped long distances sometimes, so timing and quality need to be right on the money. Etex steps up at these critical moments. “When something is unclear, there is always someone to help us”, **Daniela** highlights.

Happy customers, healthy business

Happy customers is the name of the game, and customer service should never be underestimated. **Daniela** says that

“Our machines are high-quality products, so all elements need to be high quality – which Etex provides.”

Daniela Ziegler, Technical Procurement, Brückner



Brückner is very proud of the fact that they sell not only single machines but also groups of machines. Brückner has customers that return again and again to buy, often dozens of machines at a time. “What is important is to provide great customer service for them to come back”, she adds. And that is what we provide with the help of Etex. After-sales service is key to long-term growth for Brückner. The company is always ready to provide support in the event of a machine failure.

Daniela also appreciates Etex and its clear communication, keeping her company updated and responding quickly to questions. The flow-on effect of this is that Brückner can stick to its own deadlines for orders and projects, especially important given the high volumes of recent times.

For **Enno** and Etex, this translates into a great relationship over the long term and increased order volumes from Brückner. A clear reflection of Etex’s continued investment in its customers, beyond the here and now.



New Ways

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



2021 paved the way to consolidate the division's strategic roadmap with four acquisitions in Europe, while COVID hit particularly hard in Latin America in the first half of the year. Patrick Balemans, who was appointed Head of New Ways last year, highlights key developments and shares his expectations for the future.

How would you summarise your first year as the Head of New Ways?

New Ways has now been up and running for two years. And despite these being COVID-impacted years, we have made excellent progress along our strategic roadmap, with four acquisitions in Europe last year alone. We also overcame the challenge of delays in many projects to achieve top-line growth. The situation in Latin America presented its own difficulties, with COVID hitting the region particularly hard, notably in the

first half of 2021. Overall, we also have had to weather some sharp increases in input prices, especially for steel and wood.

How do the division's four acquisitions in 2021 (read more on p. 11) fit into its strategic roadmap?

We made a clear decision to expand our presence in European countries where Etex's other divisions already have well-established operations. This meant we could make a much smoother, more rapid connection with the market there. The acquisitions of E-loft, Horizon Offsite and Sigmat fit into this strategy. We also acquired a majority stake in the design and engineering consultancy company Evolusion Innovation,

which shares similar strategic pillars to the division: sustainability, digitalisation and industrialisation. In time, Evolusion Innovation is expected to become a centre of expertise for all our companies.

What are your priorities for 2022?

With our strategy guiding us, we will continue to build on the three pillars of New Ways and implement them in our activities. In terms of revenue growth, our numbers should more than double in 2022, mainly as a result of the 2021 acquisitions. We will consolidate our move towards Europe, not necessarily through acquisitions but by strengthening the business model.

“We overcame a lot of challenges in 2021, while strengthening our focus on our sustainability, digitalisation and industrialisation ambitions.”

Patrick Balemans,
Head of Division - New Ways



New Ways' portfolio of businesses



- Country: UK
- Assembly: offsite, 2D panels
- Customers: B2B
- Date of acquisition: April 2016
- Participation of Etex: 100%

Steel framing solutions



- Countries: Argentina and Ecuador
- Assembly: offsite, 2D panels
- Customers: B2B
- Greenfield business
- Argentina: operations started in March 2021
- Ecuador: operations started in July 2021
- Participation of Etex: Argentina: joint venture with Azzolini Construcciones Ecuador: joint venture with Kubiec



- Country: Chile
- Assembly: offsite, 2D panels
- Customers: B2B
- Greenfield business, launched in August 2019
- Participation of Etex: joint venture with Arauco



- Country: Brazil
- Assembly: offsite, 2D panels
- Customers: B2B and B2C
- Date of acquisition: February 2020
- Participation of Etex: majority stake (91%) acquired by E2E (Arauco-Etex joint venture)

Timber framing solutions



- Country: France
- Assembly: offsite, 2D panels and 3D modules
- Customers: B2B and B2C
- Date of acquisition: January 2021
- Participation of Etex: majority stake (70%)



- Countries: Ireland and the UK
- Assembly: offsite, 2D panels/modules
- Customers: B2B
- Date of acquisition: July 2021
- Participation of Etex: 100%



- Country: UK
- Assembly: offsite, 2D panels
- Customers: B2B
- Date of acquisition: August 2021
- Participation of Etex: 100%

Revenue of New Ways

(in EUR million)



2021 vs. 2020
like-for-like
+46.1%



- Country: Ireland
- Expertise: design and engineering consultancy, specialised in offsite construction
- Customers: B2B
- Date of acquisition: April 2021
- Participation of Etex: majority stake (60%)

Engineering consultancy

How did we perform in 2021?

With New Ways focused on new build, COVID inevitably had a negative impact on our activities, translated by many project delays. Despite this, we managed to grow, though at a slower pace than anticipated due to these delays. The price of wood and steel has soared, which presents major challenges for companies such as ours working on fixed-price contracts.

Revenue

Europe

2021 was a milestone year for New Ways in Europe. The division invested heavily in key markets by acquiring four companies: offsite construction company E-loft in France, design and engineering consultancy firm Evolusion Innovation in Ireland, light gauge steel frame (LGSF) player Horizon Offsite also in Ireland, and LGSF market leader Sigmat in the UK.

We saw growth in the **UK** and **Ireland**, countries we identified as priority markets in Europe given their governments' investments to address housing shortages. COVID triggered major labour shortages and transport problems, however for New Ways and its business model of offsite construction, this had an upside when compared to

companies using traditional building methods. It is also the reason we acquired three companies in these countries in 2021. Our goal this year will be to improve efficiency through a sound go-to-market strategy and industrial know-how.

In **France**, we also recorded top-line growth. France's market offers many interesting opportunities, and its government is keen on stimulating and supporting timber frame construction. There are three avenues we are exploring in this market: housing (3D), large offices (3D) and renovation (2D panels).

The increases in wood prices have had a tangible impact on E-loft's performance in 2021. The business model therefore needs some fine-tuning, but the prospects are promising, and E-loft has a healthy reputation for the quality of their solutions.

Latin America

"Challenging" sums up the year for this region, hit hard by COVID. Revenue dropped due to factory closures during several months, and business suffered from a sharp increase in input prices.

In **Brazil**, we made changes to the business model of Tecverde. The company's original business model was to assemble houses and complete the



finishing. We decided to entrust the finishing part to a subcontractor. We also shifted the focus from predominantly social housing to include more standard housing and other segments (hospitals, schools, etc.).

The Arauco-Etex joint venture E2E in **Chile** also faced the challenges presented by COVID as well as input price increases. We fell short of posting the critical revenue needed to be profitable, however it should be remembered that we had to start from scratch, establishing a brand-new business with Arauco.

In **Ecuador** and **Argentina**, Icon+ only started in 2021 and is therefore still in its infancy. As a result, we view 2021 as an evaluation year. We have strong joint venture partners in these countries, so prospects are healthy.

Outlook for 2022

We expect good growth in the UK and Ireland, where we have a great pipeline of projects. A fine-tuned strategy in France will see us develop the 2D renovation activities to complement the housing business. We also plan to refine the business model in Latin America.

In terms of input prices, we have mixed expectations: steel is stabilising and could well drop, but not to its previous level. For wood, there are no positive trends on the horizon in Latin America, but we do see early signs of a potential positive trend in Europe. Etex's critical mass gives us a strong platform for purchasing these materials. We also have hedging solutions in place.

The extent of COVID's impact this year depends largely on the specific business in question. It is therefore difficult at this stage to have a clear picture of how this will all play out.



Key commercial initiatives

With eyes firmly on the future, the New Ways division has continued to explore new systems and solutions. From energy renovations for reduced carbon footprints to an expanding offsite construction sector, its efforts span the globe and have been recognised through awards.

Delivering new retirement communities using eco-friendly and dynamic MMC in the UK

Sigmat entered a new partnership with McCarthy & Stone, the UK's leading developer and manager of retirement communities, to use Sigmat's unique Modern Methods of Construction (MMC).

Following a thorough selection process, Sigmat was elected as partner of choice based on the merits of its industry-leading, eco-friendly and dynamic Light Gauge Steel Framing (LGSF) off-site structural solution. The landmark deal has seen Sigmat roll out its LGSF solution across five of McCarthy & Stone's sites in 2021, totalling more than 200 units.

E-loft acts on EnergieSprong initiative in France

E-loft is currently taking part in the industrialisation process of re-insulating prefabricated walls following the EnergieSprong approach¹. "E-loft targets housing energy renovations, offering sustainable control of their carbon footprint and guaranteed results over 30 years", explains **Julien Coliaux**, E-loft Rehabilitation Project Manager. The solution similarly has France's Grenelle II law in mind, which requires the renovation of 800,000 social houses. E-loft responded to a request from MASH, a purchasing group of 14 social landlords to launch the first wave of renovation of 2,000 housing units in four lots using the

EnergieSprong approach. E-loft positioned itself on lot 2 to deliver 445 dwellings in the French Pays de la Loire region. The pilothouse is scheduled for delivery in September 2022 and the overall delivery of the project is scheduled for late 2024.

Backed by a dedicated team and technical support, E-loft's production site at Ploufragan (Brittany, France) is fast becoming the reference for other production sites planned, with engineers and managers using their expertise in rehabilitation projects.

EOS receives Housebuilder Product Award 2021

In November 2021, EOS accepted the Housebuilder Product Award for Best External Product for its Renaissance Works, Huddersfield project in the UK. "The former cooperative building in Huddersfield has now been refurbished, expanded and reborn as Renaissance Works", **Steve Thompson**, EOS Managing Director, explains. Engineers removed the original roof and replaced it with a concrete deck ready for a roof top extension. Thrubuild®, our light gauge steel framing system that combines Siniat, PROMAT and FSi products and technologies, offered multiple loadbearing applications for this radical transformation, providing a robust, lightweight solution. "Precision engineering enabled designers to create 138 student bedrooms through 75 apartments", **Steve** adds. Thrubuild® delivers 'all in one' certified solutions, crucial safety, time and cost benefits, multiple fire resistance options and a 30-year warranty.



Renaissance Works, Huddersfield (UK)

One of McCarthy & Stone's sites, featuring Sigmat's LGSF solution

South America rapidly embraces offsite construction

Headed by Tecverde, offsite construction in Brazil is making major strides. "Tecverde has partnered with MRV, a leading real estate developer in Brazil, for their third project: 230 units of single-family homes to be built in 2022", explains **Ronaldo Passeri**, CEO of Tecverde. A prototype with optimised design and new technologies, which reduces the construction time by 30% and the cost by 5% compared to the current technology, was built in December 2021, paving the way for a promising partnership. MRV stands firmly behind offsite construction, seeing it as a trend for the future. Its numbers tell the story: 60,000 housing units produced per year in Brazil and 5,000 in the United States, 85% of which dedicated to social housing.

¹ EnergieSprong is a programme created by the Dutch government in 2010 to retrofit existing buildings for higher energy efficiency standards, becoming zero-energy buildings. Its model rests on the application of several criteria.



PanelClad

Shaping something unique with pioneering ideas and products

- Pre-engineered and pre-assembled façade elements
- Higher quality than systems installed on-site
- Indirect cost savings for the builder derived from:
 - Reduced concrete and steel volumes
 - Rapid installation
 - Zero waste at building sites
 - After-sales claims reduction
- Architectural flexibility and high comfort and safety levels
- Higher energy savings, thermal and acoustics included



“New Ways is truly innovating in this market, thanks to our strong digital design and engineering workflows, our commercial approach and technical knowledge which are leveraged by the strong position of our brands.”

Felipe Duque,
Technical Manager & Business Development for Latin America

The design for **PanelClad**, a fully prefabricated façade panel for mid and high-rise buildings, started around 2018. “It followed a request from one of the most innovative Latin American building companies which was adopting a building platform strategy for their projects. They approached us at that time to request our support to provide a prefabricated façade solution to meet their needs”, **Felipe Duque**, Technical Manager & Business Development for Latin America, recalls.

That company changed its direction, but the product Etex eventually devised had clear potential. This was about the time the New Ways division was set up, establishing steel-framing joint ventures Icon+ in Ecuador and Argentina, which soon brought **PanelClad** to the world.

“There’s a golden triangle between our local company Icon+, the collaboration with the regional Building Performance organisation and the regional Design and Engineering teams”, **Felipe** notes.

Measurable benefits set product apart

PanelClad has a host of competitive features. Firstly, the speed of installation (250 m² per day compared to 30 m² with lightweight construction on-site) allows the builder to rapidly close the building and protect it from weather conditions. Secondly, with a sheltered internal space, the installation of internal building elements and finishes can be tackled immediately, reducing the total construction time and lowering dramatically indirect costs. Also, there is no waste on site as the panels arrive assembled. And lastly, the panels can be supplied with carpentry, sanitary, electrical, wiring networks all pre-installed.

But it doesn’t stop there. Architectural flexibility, high comfort and safety levels, excellent thermal and acoustic insulation, and real energy savings, are benefits customers look for.

Icon+ also offers certifications based on test reports. On one project, **Felipe** tells us, “Due to the strong environmental benefits of our solutions, we managed to obtain an Excellence in Design

for Greater Efficiencies (EDGE) with the advanced category certification, demonstrating that the building reached energy and water savings and less embodied energy materials above 40%.”

Steep learning curve in challenging market

The Latin American market has presented challenges. Construction markets in the region are very traditional. But despite some resistance, and through pioneering work by Etex to change construction habits, builders are today looking for robust, well-designed and better-built solutions.

The learning curve has been steep. “But we are reaching out to customers that are innovative, early adopters, and that understand the engineering capabilities we are able to offer”, **Felipe** says.

“We are shaping something unique. We bring a global approach to this business, insights and expertise from different latitudes, to provide world-class solutions to our customers in Latin America”, he adds.

Centre of Expertise for New Ways

In line with the New Ways division's strategy of focusing on sustainability, digitalisation and industrialisation, Etex acquired a majority stake in Evolusion Innovation and its more than 40 teammates in April 2021. This is the first consultancy business Etex has purchased. The other New Ways companies will therefore benefit from expertise in product development and greater scaling ability in the future.

A snapshot of Evolusion Innovation

"May 2022 marks twelve years since we started operating. We've grown the business from a two-man operation to nearly 50 people", explains **Declan Wallace**, Founder and CEO of Evolusion Innovation.

The business has three main divisions. "In the Structural Engineering division, 95% of all engineering we do is in the Modern Methods of Construction (MMC) sector", adds **Declan**. They specialise in category 1 and category 2 building systems, the first being Volumetric Modular, working from one to fifty storeys, the second Panellised, which covers light gauged



steel panellised buildings, typically two to about ten storeys.

The Building Physics and Sustainability division then focuses on decarbonisation, building performance calculations such as dynamic modelling, thermal modelling and hygrothermal analysis. In addition, Evolusion also does BREEAM¹ and LEED² assessments on design and build MMC developments and is now providing Environmental Product Declaration (EPD) for construction materials. "On the building performance side of the business, we work on more complex buildings, like skyscrapers. We take care of overheating analysis, energy performance, and so on", **Declan** points out.

Finally, the Product Development division project manages testing and handles certification. It is in testing that Etex enters the scene. "For structural fire testing, we offer a key differentiator", notes **Declan**. "Innovation Technology Centres (ITCs) at Etex focus mostly on non-structural testing, whereas we specialise in structural testing."

In terms of certification, when it comes to MMC there are no real national or European standards. "As a result, these technologies, whether volumetric or panellised, require an independent certification, so we help our clients get it by answering all the criteria of the certification bodies", adds **Declan**.

On-site insight feeds product development

Evolusion Innovation is poised to play a major role in product development to support the New Ways businesses in the

Platform in place for business scale-up

Etex entered new territory last year with the acquisition of Ireland-based Evolusion Innovation, a consultancy company bringing expertise in product development, engineering, building physics, sustainability and testing to the table.



Declan Wallace
Founder and CEO of Evolusion Innovation



Bobby O'Neill
Head of Technical Solutions at New Ways



UK and Ireland. "Starting in 2021, we have already identified 25 projects to start developing and working on, covering aspects such as solutions, experimental testing on new ideas, sustainability, digitalising our process, and how we go from design to manufacture, how we produce, etc.", adds **Bobby O'Neill**, Head of Technical Solutions at New Ways.

There's a lot of structural design involved in category 2 MMC systems, and Etex is looking to scale its businesses in the coming years. "A key element will be having Evolusion Innovation on the design side to give these businesses

the resources to be able to scale and the talent to take on more and more projects", **Declan** explains.

Evolusion Innovation supports the sustainability targets of Etex. It will be doing a lot of work on value engineering and optimising the New Ways light steel range between EOS, Sigmat and Horizon Offsite. "This enables optimisation from the point of view of having the best profiles to design the buildings, and the most cost-effective and efficient ways", says **Bobby**. We intend to be the market leader in providing the most validated system on the market with all supporting backup and test data. Our long-term goal is for all New Ways solutions to be tested with Siniat, PROMAT and FSi products.

A promising outlook

In terms of synergies, Evolusion Innovation brings a specific level of expertise given its close proximity to the marketplace and construction sites. This combined with knowledge and experience in all areas of construction, whether structural or building physics, enables the business to target what it's doing and plan where it's heading in the future to meet customer needs. Evolusion Innovation will support Etex all the way, as a centre of expertise, going beyond the New Ways division.

"A key element will be having Evolusion Innovation on the design side to give these businesses the resources to be able to scale and the talent to take on more and more projects."

Declan Wallace, Founder and CEO of Evolusion Innovation

¹ Building Research Establishment Environmental Assessment Method (BREEAM) is the world's longest established method of assessing, rating and certifying the sustainability of buildings.

² Leadership in Energy and Environmental Design (LEED) is a green building certification programme.

Malcolm Stamper,
Corporate Brand Coordinator

WATCH VIDEO



About employee well-being

The Etex Challenge was one of Etex's initiatives to nurture the physical and mental well-being of all its 12,000 teammates. 3,000 of them signed up and logged an incredible 760,000 km of distance-based activities, resulting in more than EUR 17,000 donated to a charity.

[Watch Malcolm's interview](#)

4

Sustainability

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Delivering on our long-term purpose

Sustainability sharpens our identity and keeps our focus on developing future-proof solutions for customers and stakeholders. With growing sustainability-related regulation, we see the opportunities outweighing the challenges. We invest more than EUR 30 million annually in innovation, in order to further enhance our portfolio. The advantages of lightweight materials and offsite construction solutions range from reduced raw materials, energy consumption, waste and emissions to increased long-term circularity via deconstruction, reuse and recycling.

In 2018, Etex redefined its ambition to become a global player in lightweight, sustainable, cost-effective, quality-focussed building technologies. Since then, the company executed several major operations in line with this ambition. **Sustainability has recently been targeted as the next large strategic transformation for Etex**, as highlighted in our new strategic framework (read more on [p. 7](#)).

By design, the building material industry depends on raw materials, energy and other ecosystem services. It has a significant environmental footprint, which is why we have started a group-wide assessment of how best to reduce our footprint and use innovation for more eco-friendly operations and product solutions. **We are starting from a favourable position**, since our business activities are already characterised by local production, low carbon footprint solutions compared to other building materials, and a strong innovation potential for a circular economy.



We are also responsible for the occupational health, safety and well-being of more than 12,000 employees across more than 110 plants, quarries and offices in 42 operating countries. Our latest employee engagement scores underline Etex teammates' increasingly positive commitment to the organisation. Sustainability demands continuous improvement to support

a future where our company holds a strong position and generations to come enjoy a healthy planet.

In our **second Sustainability Report** to be published later this year, we will provide in-depth insights into our sustainability performance and ambitions.

SUSTAINABILITY

Our sustainability framework

Strong sustainability governance

We follow leading global initiatives and standards, such as the **Sustainable Development Goals, United Nations Global Compact and GRI Standards.**

Teammates who drive our sustainability agenda forward are present throughout the organisation to help stimulating our sustainability performance with their ideas. Our Corporate Social Responsibility department moderates this dialogue, while the Board of Directors' Sustainability Committee

facilitates exchanges between top management and the organisation (read more on p. 63). Bodies like our Green Team take on centralised tasks such as collecting group-wide data for monitoring progress and identifying opportunities for acceleration. Our CSR roadmap is founded on structured

analysis of our biggest impacts and how to manage these. Our sustainability priorities are the following: **health, safety & well-being, decarbonisation, circularity, diversity & inclusion, and education.**

Health, safety and well-being



Circularity



Decarbonisation



Diversity & inclusion



Education



The critical role our supply chain plays

Our over 30,000 tier-1 upstream supplier relationships are characterised by stability, fairness and long-term view, and cover predominantly local suppliers.

Before entering a contractual relationship, we review our suppliers according to social and environmental criteria. Our purchasing frame contract agreement demands full compliance with fundamental principles in the fields of human rights, labour, environment and anti-corruption. We have also delved deeper into the sustainability profiles of our top 500 suppliers (in terms of spend) through EcoVadis, an external sustainability rating programme.

As of 8 February 2022, 136 of our suppliers representing 24% of Etex's purchasing spend have either shared their evaluation results with us or are in the process of doing so. The learnings feed into our process, scheduled for completion this year, of ensuring that sustainability requirements are included in all requests for proposals. We also strive to **give clients and business partners the same rigorous information about our own sustainability profile.**

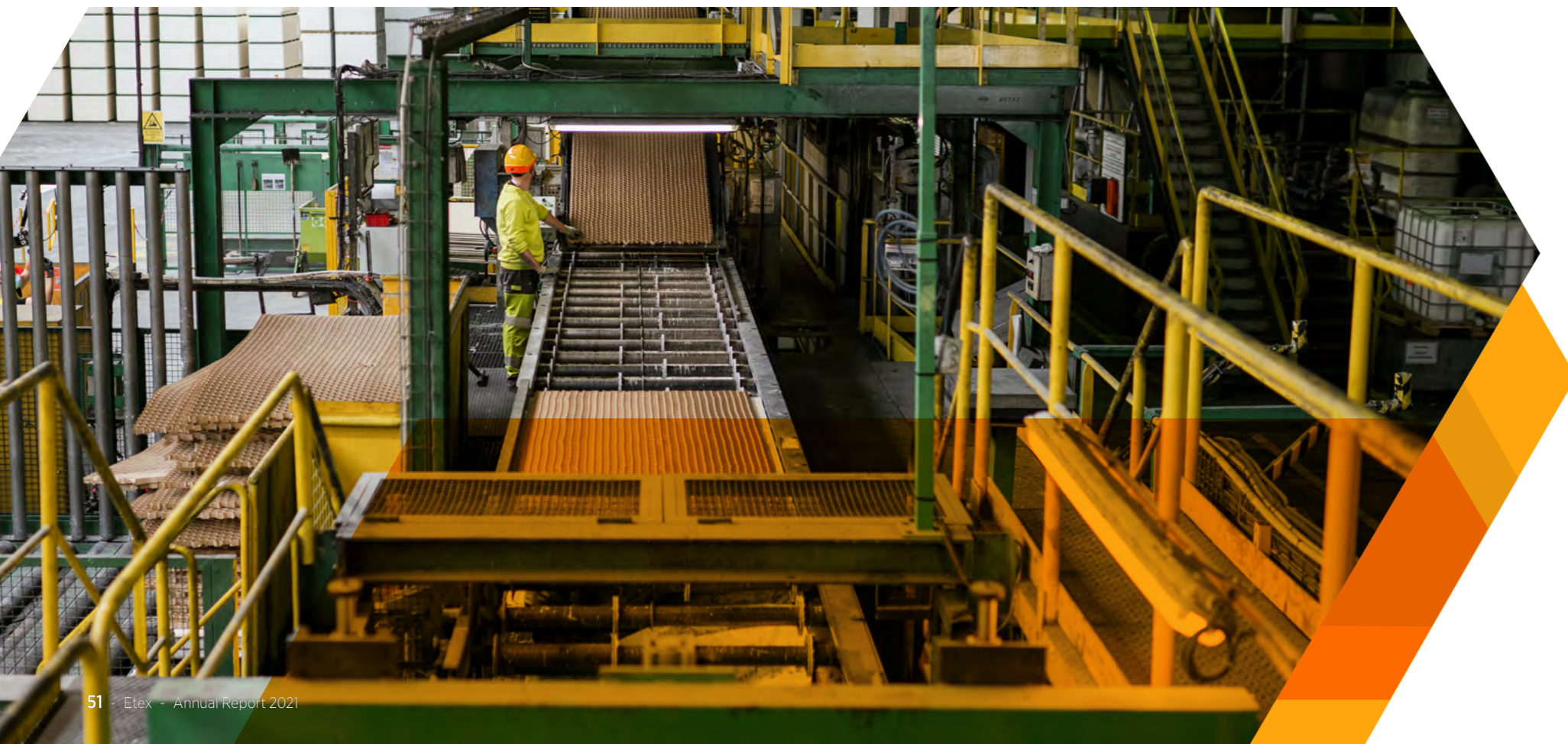
Our Building Performance French entities undertook the assessment as a supplier, which placed them among the top 9% in 2021 in terms of highly performing companies in our sector. Following this pilot, at the end of 2021 Etex was assessed as a group. The results should be published in the company's next Sustainability Report.

'The Etex Way', our code of conduct

Being a trusted employer and business partner is crucial for our success. Our core value 'Connect and Care' and our strong business ethics must be 'lived' by all employees. **Our code of conduct is available in the 16 languages spoken by our global workforce.** In 2021, the majority of office workers completed an interactive e-learning module as part of their performance review.

Etex's ethical business conduct includes **zero-tolerance towards bribery and corruption**, as set out in real-life examples in the code of conduct learning modules.

The code of conduct also acknowledges our responsibility to respect human rights in our operations and where directly linked to us through business relationships. Support and respect for protecting internationally proclaimed human rights is also of paramount importance.



Our people and culture

Our values – Connect and Care, Passion for Excellence, Pioneer to Lead – guide our behaviour in driving growth, achieving excellence, boosting personal development and improving social responsibility. We encourage a positive team spirit through an inspiring, inclusive and diverse workforce, engaging in a dialogue with our teammates. Fostering a collaborative culture for teammates through an employee-centric approach is pivotal. Finally, we nurture an engaged workforce via tailored development programmes, a strong sense of purpose-driven and value-based leadership, and physical and mental well-being support.

Proactive dialogue with our teammates

Our 2021 employee engagement survey called **'Me & Etex'** achieved a **record 84% response rate**, up 16% on the 2018 edition. 15 question categories shed light on our teammates' perception, e.g. on employee-management relations, work conditions, responsiveness, customer orientation and sustainability. The strong response rates from both our factory-based employees and our office employees provided us with thorough insights into our teammates' needs and ideas across the organisation, and helped us boost both their well-being and the company's performance. The results and subsequent action plans are shared with teammates. Based on the survey, which showed an **86% employee engagement rate**, we **successfully achieved a more homogeneous employee experience** across Etex, and improvements in all categories.

Learning and development

Continuous learning ensures strong foundations for Etex. In 2021, we **focused on leadership development and onboarding processes** in a time challenged by COVID-19. We introduced a virtual onboarding programme which saw 200 new teammates connect and gain an international network from the outset.

For our **tailored leadership development programme suite**, our 'First Level Management' programme in manufacturing plants marked the beginning. By the end of 2021, some 160 Shift Leaders were involved, with another 500 expected in 2022. The 'Leadership essentials' programme for office employees was also piloted and will be rolled out globally in 2022. For our Senior Leaders, we developed 'Lead to Inspire', with initiatives planned for 2022.

12,214

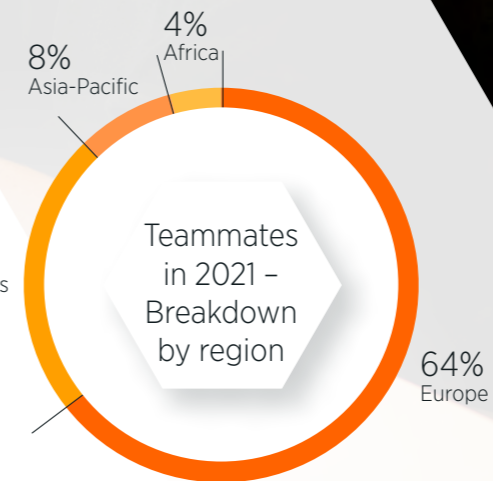
Teammates at the end of 2021

1,237

New hires in 2021¹

13.2%

Total rate of employee turnover in 2021²



¹ 620 employees joined the group following acquisitions and 142 employees left following the closure of three plants.
² For comparison reasons, this rate excludes the teammates of the companies which have been acquired in 2021. The rate has been calculated as follows: (# hires + # terminations / 2) / [# employees as of 01/01/2021].

SUSTAINABILITY

Our people and culture

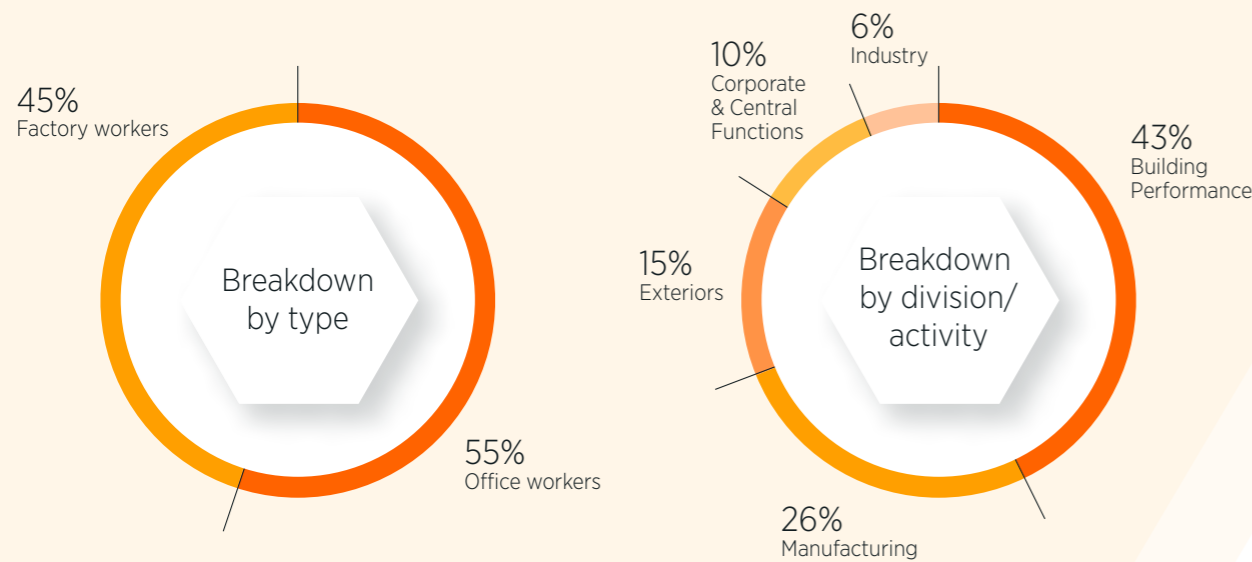
Our reward and recognition programme

The Etex Awards programme celebrates our teammates' outstanding

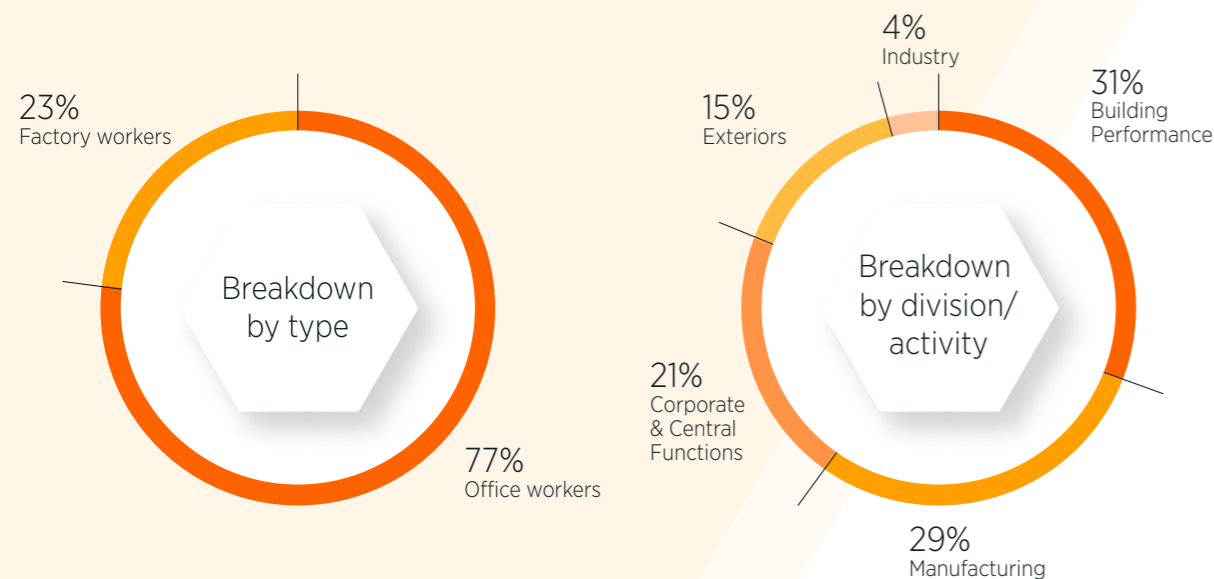
performance linked to our core values, Passion for Excellence, Connect and Care, and Pioneer to Lead. 2021 saw 2,005 **Etex Impact Awards** presented for outstanding performance, 260 **Etex Excellence Awards** for significant financial and material impacts,

and 1 **Etex CEO Award** for game-changing contributions. These inclusive Etex Awards were distributed across all business functions, work categories and in 22 different countries.

Etex Impact Awards in 2021

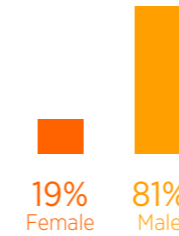


Etex Excellence Awards in 2021

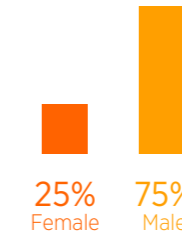


Gender diversity in 2021

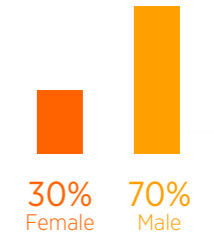
Etex employees



Board of Directors



Executive Committee



Diversity and inclusion

Etex is committed to equal opportunity and zero tolerance for discrimination as stipulated in our code of conduct. In our 2021 'Me & Etex' employee engagement survey, 76% of female and 77% of male teammates agreed that management supports diversity and inclusion. **We work proactively towards more balance**, with new hires for office staff showing a 55% male / 45% female split, compared to a factory staff split of 93% / 7%. In 2021, a new working group exploring equity, inclusion and diversity ran a workshop with some 30 senior business leaders. Following analysis, we plan to focus on data analysis, retention and progression, policies and training, as well as recruitment in 2022.

Building a stronger Etex together

Having healthier teammates, physically and mentally, make us a stronger Etex. In April 2021, the **Etex Challenge** kicked off, a series of 28-day challenges that promote well-being through exercise. We partnered with Oopla, a start-up organisation, to encourage teammates

to **dedicate time on a daily basis to do physical activities.** The programme was designed to offer a wide range of activities and be inclusive, e.g. also offering exercises for teammates using wheelchairs. Some EUR 17,000 were raised for the NGO Habitat for Humanity. Over 760,000 km of distance-based activities were recorded – literally to the moon and back!

24/7 accessible mental health and well-being assistance programme

"Inspiring ways of living" drives how Etex does business but also how we treat our teammates. Sound mental health

and well-being for everyone is vital at work and beyond. LifeWorks, a global **Employee Assistance Programme (EAP)**, was launched last year to provide **free and confidential support and counselling to all employees and their family members**, accessible 24/7 and available in their local language. It supports teammates with personal and/or work-related challenges to regain emotional balance and make positive changes in their life. Experience with an EAP at Etex Ireland since 2019 showed positive feedback. Teammates appreciate knowing they can call on this confidential support when needed.

Inspiring one another and the world

In 2021 we started publishing weekly stories from our teammates, in which they're sharing how individually they are living our purpose and how they are personally "inspiring ways of living". Our **'Teammate Stories'** help create a greater sense of pride and belonging across the organisation. It has enabled employees to **inspire each other while demonstrating our values and our culture to external stakeholders**, further positioning Etex as an employer of choice.



Health, safety and well-being

Our commitment to zero-harm remains top priority. Even though we managed to create a strong health and safety culture, alongside policies, standards, responsibilities, training, evaluation and targeted programmes in place, we acknowledge it remains challenging to achieve zero harm.

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

Our health and safety performance in 2021

Despite our best efforts, we experienced two work accident fatalities of contractors in 2021, in Chile and Argentina. Our thoughts and

condolences are with the bereaved. Independent detailed investigations have been carried out and corrective actions put in place.

In 2021 **we were able to keep up with the good overall safety performance recorded in 2020**, confirming that

the changes we implemented made an impact and that 2020's record was not influenced by the early COVID containment measures.

This is significant given 2021's own challenges: high level of activity due to strong demand;

more contagious Delta and Omicron COVID-19 variants impacting workforce availability; and raw materials and

logistics adjustments resulting in alternative operations. This indicates that the actions taken by our Environment, Health & Safety (EHS) teams and plant communities have been successful.

We also expanded our well-being-related initiatives. More information is reported on this topic in the chapter 'Our people and culture'.

effect across Etex employees and employees of contractors while working for Etex. An analysis of these instances confirms the importance to ensure full implementation of the HIRA (Hazard Identification and Risk Assessment) Principles and other critical standards identified.

Safety record with our non-permanent contractors

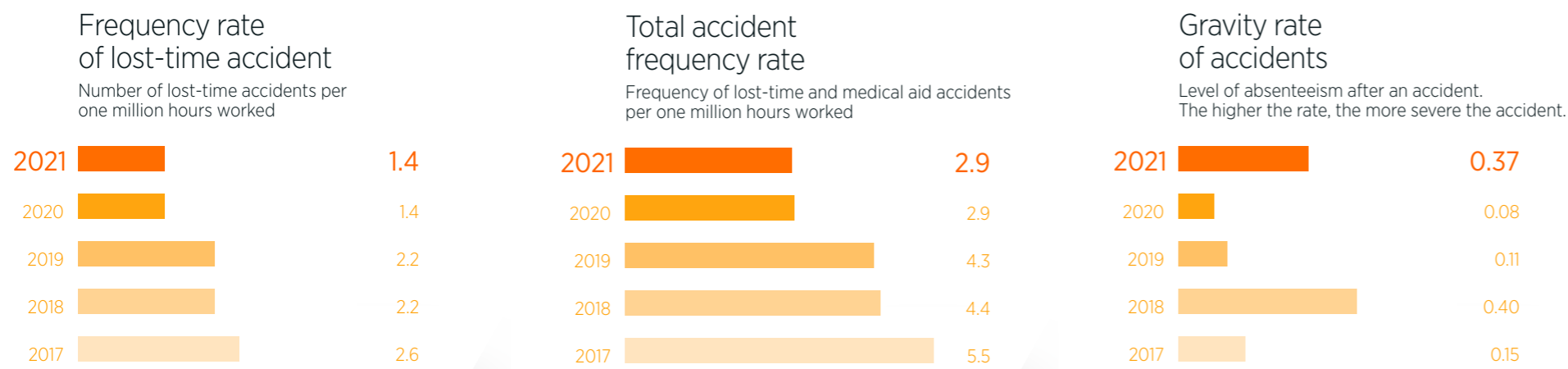
Regarding employees of non-permanent contractors, in the time when their work or workplace was controlled by Etex, we recorded two medical aid accidents and 15 lost-time accidents.

Analysis helps guide our focus going forward

Our analysis shows that, including the two fatalities, there were 16 accidents with a potential or real life-changing



Etex employees, temporary workers and employees of our permanent contractors whose work or workplace is or was controlled by Etex:



SUSTAINABILITY

Health, safety and well-being

Continuous improvements in HIRA

(Hazard Identification and Risk Assessment)

Our plants put tremendous effort into evaluating implementation of the HIRA principles, posting **an average score of 90%**.

We set up a central HIRA task force to drive this process. Their work has involved preparing HIRAs for most routine tasks, reviewing and calibrating these, planning health and safety peer visits for 2022 and HIRA training

refreshment courses, as well as adding last-minute assessment procedures for non-routine tasks into our EHS app. Our Plant Focus Programme is ensuring all plants align with our safety management expectations.

Certifications with international standards

In addition to our own standards, we use international ones. **36% of our sites are certified or in the process of being certified** according to either ISO 45001 or OHSAS 18001.

Strong H&S culture and ownership

Our standards, procedures and safety installations would not work without a strong health & safety culture. Our teammates are taking ownership through safety engagement actions such as supporting awareness-raising activities and sharing learnings and information via Etex's EHS app. More than 40% of teammates use the app.

In 2021, we recorded **165,000 safety engagement actions** (60% recorded in the app). Etex teammates can also use the app to report accidents, first

aid accidents and near misses. We have succeeded in encouraging teammates not directly involved in manufacturing to engage more in this process. Their efforts have doubled during the year.

Tailored trainings

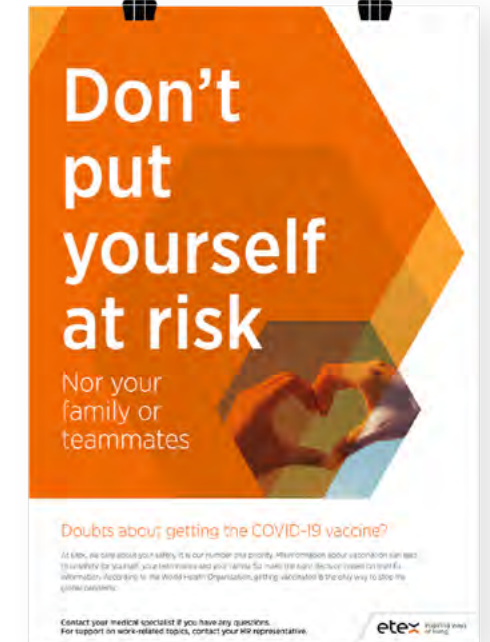
Our teammates received an average of 21 safety training hours in 2021. Based on their feedback on the SafeStart training, we produced training content more tailored to their needs.

Ensuring our high standards across new entities

We have started to fully integrate Etex's health and safety principles into the company's new acquisitions.

This includes visible and accessible leadership, implementation of health and safety standards, a sound health and safety organisation, and introduction of the SafeStart programme. For entities where we identified gaps, we are allocating specific resources and implementing programmes.

Based on their reporting system, the safety statistics for the recent acquisitions (plasterboard business in Australia, four New Ways acquisitions) as well as for the joint ventures which are part of New Ways' activities, for



Vaccination promotion campaign posters were circulated in different languages

Etex employees, temporary workers and employees of contractors whose work or workplace is or was controlled by Etex, are the following:

- Frequency rate of lost-time accidents: **28.43**
- Total accident frequency rate: **43.39**
- Gravity rate of accidents: **0.34**

Pro-active actions to battle COVID-19

2021 marked a year of ongoing monitoring. **Our COVID-19 crisis management team kept the highest standards in place to protect our teammates**, enabling us to minimise business disruption. From June 2021, we relaxed our

strict rules in some countries, subject to high vaccination rates.

Despite all the measures, teammates still faced the threat of infection in their private lives. Sadly, a total of 15 teammates have passed away as a result of a COVID-19 infection in Latin America, Europe and Asia in 2021. Our human resources teams have been supporting the affected families.

In line with World Health Organisation advice, **Etex launched a vaccination promotion campaign**, with medical specialists available to answer teammates' questions. We encouraged our teammates to think and act appropriately to protect themselves, their families and their team. Where available, we gave them the opportunity to get vaccinated.



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 completely prohibited its use. Etex banned asbestos entirely from the production processes of all its companies in 2002, thus prior to the European Union 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.

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.

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.



Compensate victims

Etex companies have to ensure that those who become seriously ill due to being exposed to asbestos in their factories receive a 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 an asbestos awareness training involving 150 Site Managers, EHS Managers and Project Managers from all over the world. The training was focussed 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 in 2012 to support the Belgian Foundation Against Cancer 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.



Railroad vehicles



Power plants



Home appliances



Insulation



Automotive industry



Shipbuilding



Textile



Plastics



Food industry



Construction

Former application of cement produced by some Etex companies

EUR 10 million

In donations to the Belgian Foundation Against Cancer between 2012 and 2024

Environment

In 2021 our overall approach towards environmental stewardship was again translated into numerous local successes. This includes for example the commissioning of five new photovoltaic installations on our building roofs in Spain, Italy, Belgium and Germany, helping local customers with attractive LCA (Life Cycle Assessment) and C2C (Cradle to Cradle) certifications to reach their sustainability goals, and closing loops in the water use at our plants.

Unless otherwise specified, the environmental data mentioned in this chapter exclude office sites and stand-alone warehouses, as well as entities which were sold in 2021. They include the Australian plasterboard acquisition for the full calendar year of 2021. Other entities acquired in 2021 will be included in the figures of next year's report.

Our progress is based on global and local pro-active management. To help us implement innovative solutions, in 2021 we have doubled our R&D resources related to sustainability and certification compared with 2019. In fact, more than **30% of these resources are allocated to projects with a positive impact on**

sustainability. We made progress on the specific initiatives and actions we have identified in 2020 for the priority topics **decarbonisation and circularity**, as well as on water and biodiversity management. A detailed account of our environmental management will be reported in our next Sustainability Report.

Leading standards are helping us guide and monitor our progress. 59% of our manufacturing sites are ISO-14001 certified. While our environmental management has recorded positive trends for our former scope of entities across different environmental topics, an increased scope due to our M&A agenda

as well as an increase in production has led to an overall increase in some areas of our environmental footprint in 2021. Other areas clearly show the results of our efforts to reduce our footprint.

Setting the course in decarbonisation

In 2021 we set the course for **further reduction of our energy consumption and a shift in energy sources and technologies on a global scale.** As a result, we reduced our greenhouse gas (GHG) emission intensity based on the same scope as in 2020. However, due to acquisitions in plasterboard and metal activities, our total emission and emission intensity slightly increased in 2021 compared to 2020. It is also due to this change in scope that the percentage of our worldwide purchased electricity from renewable sources, slightly decreased from 72% to 70%.

	2019	2020	2021
Direct GHG emissions in metric tonnes of CO ₂ equivalent (Scope 1) ¹	782,634.11	722,874.92	836,049.07
Indirect GHG emissions in metric tonnes of CO ₂ equivalent (Scope 2)	157,764.58	71,197.87	81,858.16
GHG emission intensity - scope 1+2 (t CO ₂ e / t output)	0.123	0.113	0.115
Total electricity consumption, in joules, watt-hours or multiples (in GWh)	535.71	589.97	650.85
% Green electricity produced and purchased / Total electricity consumption	17	72	70

¹This includes the following gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. Scopes were defined based on operational control.



SUSTAINABILITY

Environment

Water withdrawal intensity
(megalitres/t output)



	2019	2020	2021
Total water withdrawal from all areas (in megalitres)	6,023.28	5,875.52	6,582.57
Total weight of waste generated in metric tonnes (metric tonne = 1,000 kg)	278,260.14	253,576.65	207,525.29
Share of landfilled waste out of total waste	26%	25%	31%

We are also **helping our business partners to achieve their decarbonisation goals**. One example is Etex Australia’s offer to its clients to opt-in for certified carbon neutrality for all its plasterboard and metal products. The attractiveness of this option is for example acknowledged in the partnership between Etex Australia and Lendlease for the One Sydney Harbour project. This skyscraper project is committed to a 6 Star Green Star Design & As Built rating from the Green Building Council of Australia, and is committed to meeting the requirements of the Building Sustainability Index (BASIX). Moreover, Barangaroo South in which the project is built is Australia’s first independently certified carbon neutral precinct. Our supply of plasterboard and metal products under the Siniat Carbon Neutral Opt-In Programme supports these ambitions and helps Lendlease to achieve the project’s sustainability targets.

or as open water bodies which offer important habitats. At Etex, water is used as an input and process material in our fibre cement and plasterboard manufacturing processes. **We are exploring opportunities to consume significantly less water. We are also supporting healthy water bodies by reducing water discharge.** As an example, our fibre cement plant at Gresik, Indonesia, has stopped discharging water to a river by setting up re-use loops for water used in the manufacturing process. The smart design of the process resulted in the plant reducing its **discharge to zero**. The plant also limits its fresh water consumption supplied by the municipality. Predominant water resources are, next to the reused water from its own manufacturing process, collected rainwater and used process water from a nearby industrial third party, both of which being treated before entering our manufacturing process. This setup also increases our resilience towards water supply limitations from the municipality.

Our KPIs show that while several factors, including an increase in scope and production, increased our overall water

withdrawal, the **success of our water management** led to a decrease in our water withdrawal intensity.

Unlocking the potential of circularity

Circularity plays a key role in achieving a sustainable future in which economic growth is decoupled from adverse environmental impacts. We believe in resources contained in materials should remain available for the economy and society, instead of getting lost through landfilling. We unlock this potential of circularity through **optimisation of our current processes related to waste management and responsible sourcing, innovation and collaboration.**

As part of this effort at Etex France, we use the cradle-to-cradle (C2C) principles and increased the scope of products which are C2C certified to 117 products (+25% year-on-year). Furthermore, at our Auneuil plasterboard plant we have started to pilot our ‘Etex Sustainable Plant’ programme with a project to increase the use of renewable energy and reduce gypsum waste generated by

the construction market. For both fields, we signed agreements with an external partner and plan to carry out feasibility studies this year.

In 2021 Etex also started an engineering project including our recent acquisitions, to plan the needed investments and engineering solutions to divert our so far non treatable production waste from landfill back into our production process. **2021 also marked a year of intense exploration of recycling opportunities with external partners.** We investigated different scenarios for technology and adaptation opportunities to our manufacturing activities, carried out lab-scale and semi-production research, elaborated on investment opportunities and identified partnerships through which we can create efficient and sustainable loops of material flows.

Despite the recent acquisitions adding to the total waste numbers, the success of our activities, in particular improvements in feeding production waste back into the production process, led to a **significant reduction in the amount of total waste generated.**

66% of the total weight of waste generated in 2021 were successfully diverted from disposal by either external reuse (8,416 t) or external recycling (128,981 t). Less than 3% of our waste is hazardous, which is treated according to legal requirements. **We aim to continuously reduce the waste we dispose** (currently 34% of our waste), of which 4,994 t are incinerated and 65,134 t are landfilled.

see that our approach is convincing to local regulators and results in effective agreements to manage biodiversity risks and impacts related to our quarries.

For instance, our quarry in Beuda, Spain is located close to a cave which houses rare bat and micro-invertebrate species. To ensure that their habitat is not impacted by our quarry activities, fauna baseline studies were carried out in 2021, covering several seasons. We erected a fence to protect the local wildlife from people entering the cave (see picture below) and implemented a continuous monitoring system to gather real time information on the cave’s structural health, such as water conductivity, temperature and the water column level.

Caring about biodiversity

Through the management of our own quarries, we have a great opportunity to support biodiversity. **We are proud to**



Our community engagement



How we treat the environment, and the socio-economic impacts of our presence matters to the people who live in the vicinity of our operations. That is why community engagement is important to us. Part of our engagement are our social projects. Over the years we have, together with our longstanding non-profit partner SELAVIP and its network of local NGOs, successfully delivered a wide range of projects with hands-on, pragmatic support, and built trusted relationships with communities. Alongside centrally supported projects in affordable housing, our local entities choose most projects.

This year, we share the examples of the amazing work our teammates have done in two long-term projects.

Helping young people in Chile to shape their future

In Chile, Etex provides **educational support to boost the chances of young people building the lives they aspire to**. Our local teammates look back at over 20 years of engagement with the local NGO **Fundación Belén Educa**.

The Etex engagement includes 25 university scholarships **enabling young people from low-income families to get a higher education**. Etex teammates give keynote talks and tutorships to inspire, offer advice and motivate the students to pursue career goals they may otherwise have considered out of their reach.

Success and trust prove a driving force

Our partnership's success is based on **long-standing trust, pragmatic support,**

listening and learning. Etex initially provided direct financial support and subsidised building materials worth some EUR 50,000 per school. This enabled Fundación Belén Educa to build one school in low-income areas of the Santiago Metropolitan Region every year. Motivated by this success, the support was expanded to finance scholarships.

Three pillars of active support

The students' background, a lack of confidence and therefore limited belief have been holding many back. To address this, in 2014 a decision was made to provide

more help to students from the Santa Rosa high school in pursuing an education and career. We identified three ways to help: **tutorships, keynote talks and internships**.

For the last four years, around 20 Etex volunteers annually have shared their professional experience and offered advice on motivation, overcoming obstacles, and career opportunities. Some 24 keynote talks are given to grade 9-12 students every year. Internships at an Etex plant also enable students to gain insights and practical work experience in an international company.



SUSTAINABILITY

Our community engagement

Real change via housing solutions in informal settlements in South Africa

Informal settlements are on the rise in South Africa; today, nearly 7 million people live in them. But conditions can be dire: 40% have no direct access to drinking water and decent sanitation. Their only option is communal taps and facilities.

To help improve the situation in the Western Cape province, we partnered with local non-profit organisation **Ikhayalami**. Their aim is to develop and implement affordable technical solutions for upgrading the settlements. **We bring our strengths in housing solutions to achieve this aim.**

Stepping up to make a difference

Initially we provided construction materials and financial contributions to help set up seven early childhood development centres. But the



partnership has evolved, with Etex South Africa also supporting settlement upgrades meeting local needs. **Lightweight and modular construction solutions are ideal here**, given their cost-saving potential, sustainability and other benefits.

The 'Blessing Educare Centre', a day care community initiative looking after 136 children aged 6 months to 6 years, needed retrofitting. Etex South Africa stepped up, ensuring better use of daylight and providing enhanced acoustics and energy-saving thermal insulation, all meeting local



government codes. The solution also meant the Centre could secure local government grants as well as private funding.

A model future

Our teammates have also helped **design, plan and execute three building models** from 28 to 70 m², ideal for cottages, storerooms, playhouses, classrooms, clinics, site offices and residential houses. The buildings are pre-engineered and arrive on-site in 'ready-to-assemble' packs. It takes only three days to assemble the buildings, resulting in a 30% reduction in cost compared to traditional methods. Local community involvement is vital, from assessing needs to training community members to assemble the buildings.

Inspiration through education

For the last 18 months, Etex South Africa has increased its collaboration projects with universities to **empower young people to transform their communities through a better built environment.**

Since 2020, Etex has run lectures on lightweight construction and



participated in projects to inspire local talents in how to use modularity and other lightweight features. In 2020, we also launched an architecture student project competition with Tshwane University of Technology to design a building meeting certain criteria. The winning design was assembled in an informal settlement in Itireleng.



“Being part of Corporate Social Initiative projects has inspired me and made me look back at my humble beginnings to accessing the industry as a bricklayer. Participating in these initiatives is both self-fulfilling and encouraging.”

Ntokozo Sibiyi,
Etex South Africa, Technical Department



“One of the difficulties faced by those living in informal settlements is the lack of security of tenure, which means that even if they build something, they will have to relocate and risk having their structure demolished. Modular houses make their lives easier since they are portable. Moreover, they are fire-resistant and structurally sound.”

Dr Emmanuel Nkambule,
Tshwane University of Technology Lecturer





Sibusiso Mthembu,
Technical Services & New Business Manager,
Etex South Africa

WATCH VIDEO



About community engagement

To help improve the situation in informal settlements in South Africa's Western Cape province, we partnered with local non-profit organisation Ikhayalami. Their aim is to develop and implement affordable technical solutions for upgrading the settlements. We brought our strengths in housing solutions to achieve this aim.

[Watch Sibusiso's interview](#)



Governance Report

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Corporate governance

Etex is committed to the principles of corporate governance and employs a sound approach to managing and steering our company in line with the best interests of our internal and external stakeholders.

Management structure and processes are designed to optimise our performance while reducing the possible risks and impact on our activities. Etex is managed by the Chief Executive Officer (CEO), the Executive Committee and the Board of Directors.

The latest version of Etex's corporate governance charter is available on its [website](#).

Executive management

The Board of Directors entrusts the day-to-day management of the group to the CEO and the Executive Committee. An overview of the latter can be found on the next page.

For an overview of business risks assessed by the Executive Committee of Etex, we refer to p. 71 ("Risk profile" section) and to Note 16 of the Financial Report (p. 84).

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. It met eight times through the course of 2021. The Board of Directors has the following four dedicated advisory Committees to assist and advise it on specific matters:

1. Strategy Committee

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. The Strategy Committee met seven times in 2021.

2. Risk and Audit Committee

The Risk and Audit Committee reviews

Etex's financial reporting processes and the statutory audit of the group'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. In 2021, it met three times.

3. People Committee

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. In 2021, the Committee met six times.

4. Sustainability Committee

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 the group's businesses, operations and programmes from a corporate social responsibility perspective, taking into consideration the legal framework and the interests of all stakeholders. In 2021, the Sustainability Committee met four times.

Changes to the Board of Directors

The mandate of Bernadette Spinoy as independent Director will be proposed to be renewed at the Shareholders' meeting on 25 May 2022. Having

reached the age limit, Gustavo Oviedo has decided to resign his mandate as independent Director of Etex. Consequently, it will be proposed to the Shareholders' meeting to appoint a new independent Director. In addition, Bernard Delvaux was temporarily appointed by the Board of Directors to carry out the remainder of the Director's mandate of Paul Van Oyen as from 1 January 2022. The appointment of BCConcil SRL, with Bernard Delvaux as its permanent representative, as Director will be proposed during the Shareholders' meeting in May 2022.

Our Board of Directors



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



Bernard Delvaux¹
CEO
Strategy Committee
Sustainability Committee



ARGALI CAPITAL BV
Permanent representative:
Pascal Emsens
Director
Strategy Committee



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



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



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



ViaBylity BV
Permanent representative:
Hans Van Bylen
Director
Strategy Committee
(Chairman)



Gustavo Oviedo
Director



Teodoro Scalmani
Director
Risk & Audit Committee
(Chairman)



Christian Simonard
Director
Sustainability Committee



Bernadette Spinoy
Director
Sustainability Committee
(Chairwoman)



Thierry Vanlancker
Director
Strategy Committee
People Committee
(Chairman)

¹ Bernard Delvaux was temporarily appointed by the Board of Directors to carry out the remainder of the Director's mandate of Paul Van Oyen as from 1 January 2022. The appointment of BCConcil SRL, with Bernard Delvaux as its permanent representative, as Director will be proposed during the Shareholders' meeting in May 2022.

Virginie Lietaer,
Secretary
Board of Directors
Strategy Committee
Risk and Audit Committee

Louise Cail,
Secretary
People Committee

Joerg Ertle,
Secretary
Sustainability Committee

Our management

Etex's Executive Committee members handle 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.



Bernard Delvaux

Chief Executive Officer

Joined Etex in 2021



[FULL CV](#)

Neil Ash

Head of Division Building Performance

Joined Etex in 2011



[FULL CV](#)

Patrick Balemans

Head of Division New Ways

Joined Etex in 2005



[FULL CV](#)

Louise Cail

Chief Human Resources Officer

Joined Etex in 2018



[FULL CV](#)

Christophe David

Chief Manufacturing Officer

Joined Etex in 2011



[FULL CV](#)

Mel de Vogue

Chief Financial Officer

Joined Etex in 2015



[FULL CV](#)

Michael Fenlon

Head of Division Exteriors

Joined Etex in 1998



[FULL CV](#)

Virginie Lietaer

Chief Legal Officer

Joined Etex in 2020



[FULL CV](#)

Carla Sinanian

Chief Strategy Officer

Joined Etex in 2017



[FULL CV](#)

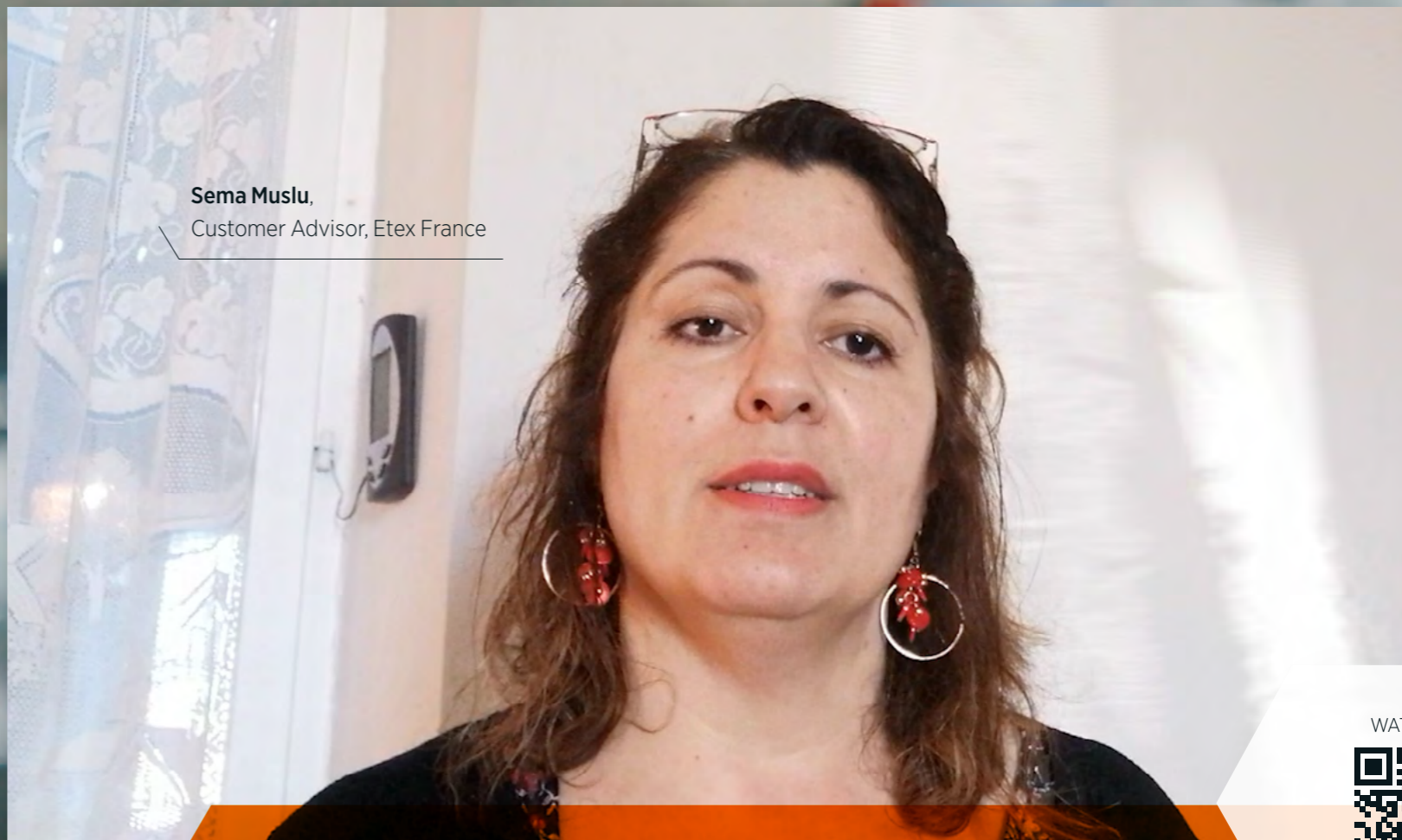
Didier Staquet

Chief Performance Officer

Joined Etex in 2012



[FULL CV](#)



Sema Muslu,
Customer Advisor, Etex France

WATCH VIDEO



About commercial excellence

Etex is a company that puts its customers first. In 2021, Etex took a major digital step to make their lives better and easier by introducing My Etex. This central digital portal contributes to truly partnering with direct customers, supporting them in their day-to-day activities.

[Watch Sema's interview](#)



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Consolidated financial statements

Consolidated income statement

<i>in thousands of EUR</i>	Notes	2020	2021
Revenue	(1)	2,615,892	2,971,939
Cost of sales	(2)	-1,767,505	-2,021,232
Gross profit		848,387	950,706
Distribution expenses	(2)	-346,947	-337,653
Administrative and general expenses	(2)	-171,256	-197,055
Other operating charges & income	(3)	-19,209	-18,490
Operating income before non recurring items		310,976	397,509
Gain / (losses) on disposal of assets and businesses	(4)	38,389	10,112
Other non recurring items	(4)	-77,015	-93,053
Operating income (EBIT)		272,349	314,565
Interest income	(5)	3,026	2,961
Interest expenses	(5)	-24,090	-14,419
Other financial income	(5)	10,449	14,284
Other financial expense	(5)	-14,566	-18,346
Share of profit in equity accounted investees	(12)	-2,304	-7,024
Non recurring items specific to equity accounted investees	(12)	-	-3,985
Profit before income tax		244,863	288,036
Income tax expense	(6)	-43,604	-89,618
Profit for the year		201,259	198,418
Attributable to shareholders of Etex		194,134	194,138
Attributable to non-controlling interests		7,125	4,280

Consolidated statement of comprehensive income

<i>in thousands of EUR</i>	2020	2021
Profit for the year	201,259	198,418
Remeasurements in employee benefit obligations	-55,058	64,417
<i>Income tax effect</i>	13,912	-1,734
Net other comprehensive income not to be reclassified to income statement in subsequent periods	-41,147	62,683
Changes in cash flow hedge reserves	10,410	744
<i>Income tax effect</i>	-2,299	-241
Exchange differences on translation of foreign operations	-83,672	-4,661
Net other comprehensive income to be reclassified to income statement in subsequent periods	-75,562	-4,158
Other comprehensive income, net of tax	-116,708	58,525
Total comprehensive income for the period, net of tax	84,550	256,943
Attributable to shareholders of Etex	80,314	251,140
Attributable to non-controlling interests	4,237	5,803

Consolidated statement of financial position

<i>in thousands of EUR</i>	Notes	2020	2021
Non-current assets		1,873,823	2,216,630
Property, plant and equipment	(7)	1,392,373	1,588,051
<i>Property, plant and equipment - owned</i>	(7)	1,288,177	1,431,355
<i>Property, plant and equipment - leased</i>	(7)	104,197	156,696
Goodwill	(8)	123,447	198,228
Other intangible assets	(9)	196,784	270,535
Investment properties	(10)	13,369	10,526
Assets held for sale	(11)	5,461	6,509
Investments in equity accounted investees	(12)	18,024	11,105
Other non-current assets	(13)	3,469	5,111
Deferred tax assets	(24)	114,218	112,025
Employee benefits assets	(21)	6,677	14,540
Current assets		1,024,682	1,009,032
Inventories	(15)	333,094	425,219
Trade and other receivables	(14)	277,267	339,995
Other current assets	(14)	23,984	41,318
Cash and cash equivalents	(17)	390,337	202,500
TOTAL ASSETS		2,898,505	3,225,662
Total equity	(18)	1,200,534	1,414,102
<i>Issued share capital</i>		2,533	2,533
<i>Share premium</i>		743	743
<i>Reserves and retained earnings</i>		1,167,101	1,382,275
Attributable to the equity shareholders of Etex		1,170,377	1,385,551
Non-controlling interests		30,157	28,551
Non-current liabilities		794,071	827,320
Provisions	(19)	131,446	118,308
Employee benefits liabilities	(21) (22)	385,976	356,343
Loans and borrowings	(23)	199,017	256,851
<i>of which leasing</i>	(23)	86,402	136,403
Deferred tax liabilities	(24)	66,561	83,701
Other non-current liabilities	(25)	11,071	12,117
Current liabilities		903,900	984,240
Provisions	(19)	40,561	43,508
Current portion of loans and borrowings	(23)	230,123	200,762
<i>of which leasing</i>	(23)	20,925	22,702
Trade and other liabilities	(25)	633,216	739,970
TOTAL EQUITY AND LIABILITIES		2,898,505	3,225,662

FINANCIAL REPORT

Consolidated financial statements

Consolidated statement of cash flows

<i>In thousands of EUR</i>	Notes	2020	2021
Operating income (EBIT)		272,349	314,565
Depreciation, amortization and impairment losses - owned	(26)	168,799	180,235
Depreciation, amortization and impairment losses - leased assets	(26)	27,201	27,208
Losses (gains) on sale of intangible assets and property, plant and equipment	(26)	-8,799	-11,574
Losses (gains) on sale of businesses		-28,865	5,722
Income tax paid	(26)	-61,562	-93,574
Changes in working capital, provisions and employee benefits	(26)	64,233	-65,576
Changes in other non currents assets/liabilities		7,089	-81
Cash flow from operating activities		440,445	356,925
Proceeds from sale of intangible assets and property, plant and equipment	(26)	19,778	22,717
Acquisition of business		-17,946	-297,891
Disposal of business		108,623	10,875
Capital expenditure - owned	(26)	-90,639	-136,898
Other investing activities	(a)	-15,401	-3,822
Cash flow from investing activities		4,415	-405,019
Capital increase / (decrease)		1,169	765
Proceeds (repayment) of borrowings		-108,242	-117,516
Interest and dividend received	(26)	3,759	3,305
Dividend paid	(26)	-53,949	-63,923
Interest paid		-17,687	-8,990
Cash flow from financing activities		-174,950	-186,359
Net increase (decrease) in cash and cash equivalents		269,910	-234,453
Cash and cash equivalents at the beginning of the year		192,510	390,010
Translation differences		-21,911	17,929
Changes in the scope of consolidation		-50,499	27,625
Net increase (decrease) in cash and cash equivalents		269,910	-234,453
Net cash and cash equivalents at the end of the year		390,010	201,110
<i>Cash and cash equivalents</i>		<i>390,337</i>	<i>202,500</i>
<i>Bank overdrafts</i>		<i>-327</i>	<i>-1,390</i>

(a) 'Other investing activities' mainly include the effect of capital increases (2021 and 2020) and acquired activities (2020) in 'investments in equity accounted entities' (note 12)

Consolidated statement of changes in equity

<i>in thousands of EUR</i>	Attributable to the equity holders of Etex (Note 18)						Total Equity
	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustment	Other reserves and retained earnings	Non-controlling interests	
At December 31, 2019	3,276	-19,988	-291,361	-292,774	1,723,358	36,893	1,159,403
Total comprehensive income	-	-	-33,036	-80,786	194,136	4,237	84,550
Capital increase / (decrease)	-	-	-	-	-	1,169	1,169
Dividend	-	-	-	-	-45,335	-11,576	-56,911
Other equity movements	-	-	14,462	-	-1,573	-565	12,324
Treasury shares	-	-	-	-	-	-	-
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

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 2022.

Statement of compliance

The consolidated financial statements of Etex for the year ended 31 December 2021 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 2021. The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2021 and have been endorsed by the European Union:

- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 01/01/2021).**
This amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 01/01/2021).**
These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
- **Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (effective 01/06/2020, with early application permitted).**
If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

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 8.

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 19.

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 21.

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 22.

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 16.

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 is recognised at fair value at the point in time when control is

FINANCIAL REPORT

Accounting policies

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 5 Finance income and expense);
- 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:

		2020		2021	
		Average	End of period	Average	End of period
Argentinean peso	ARS	103.5297	103.5297	116.3715	116.3715
Chilean peso (000)	CLP	0.9026	0.8724	0.8984	0.9556
Chinese yuan	CNY	7.8740	8.0250	7.6288	7.2197
Colombian peso (000)	COP	4.2140	4.2120	4.4286	4.6328
Danish krone	DKK	7.4541	7.4409	7.4370	7.4364
Pound sterling	GBP	0.8899	0.8990	0.8597	0.8403
Hungarian forint	HUF	351.2878	363.8900	358.5220	369.1900
Indonesian rupiah (000)	IDR	16.6321	17.2408	16.9207	16.1004
Nigerian naira	NGN	436.1916	503.4178	484.1108	480.3470
Peruvian nuevo sol	PEN	4.0016	4.4470	4.5914	4.8460
Polish zloty	PLN	4.4418	4.5597	4.5652	4.5969
US dollar	USD	1.1432	1.2271	1.1829	1.1326
South African rand	ZAR	18.7255	18.0219	17.4820	18.0625

FINANCIAL REPORT

Accounting policies

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. Fully operational since 2011, the internal audit department reviews our companies in a three-year cycle.

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 2021, 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 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 Note E). 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):	<i>nil</i>
– Lands with mineral reserves:	<i>exploitation lifetime</i>
– Lands improvements and buildings:	<i>10 - 40 years</i>
– Plant, machinery and equipment:	<i>5 - 30 years</i>
– Furniture and vehicles:	<i>3 - 10 years</i>

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 Note E).

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. Expenditure 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:	<i>Estimated legal / economical life</i>
– Software ERP:	<i>10 years</i>
– Other software:	<i>5 years</i>
– Development costs:	<i>15 years</i>
– Customer lists:	<i>3 - 15 years</i>
– Brands:	<i>15 years</i>
– Technology and design:	<i>15 years</i>
– Rights to exploit and extract mineral resources:	<i>usage</i>

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

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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 Note E).

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 Note A).

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 pre-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.

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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 one of the following conditions is 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 CO² 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 recognized 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.

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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 asset 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 23 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

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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 is set up for trade receivables (refer to note 14).

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.

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 expected 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 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 recognized at an amount that reflects the consideration to which Group expect to be entitled in exchange for transferring goods or services to a customer. The Group recognizes 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 recognized 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

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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 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 categorization 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 2021 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 2021 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 pop 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.

- 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).

- 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.

- o 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.
- o 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 cost in profit or loss.
- o 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.
- o 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.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2021 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:

- o 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;
- o 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.

- 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.

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

Explanatory notes

Note 1 – Revenue

Revenue by activity

<i>In thousands of EUR</i>	2020	2021
Building Performance	1,639,285	2,099,365
Exteriors	569,397	648,074
Residential Roofing	253,252	-
Industry	143,659	173,884
New Ways	10,299	50,616
Total	2,615,892	2,971,939

In December 2020, Etex completed the disposal of the Creaton roofing business in Germany, Hungary, Poland and Belgium to the French company Terreal. Earlier in 2020, the disposal of the South African Marley Roofing business and the associated company RBB (Belgium) took place. Etex divested Marley in the United Kingdom and Umbelino Monteiro in Portugal, two other businesses in the clay and concrete tile segment, in 2019. Following the disposals of Marley, Umbelino and Creaton businesses over 2019 and 2020, Etex completely divested its clay and concrete tile activities and its division Residential Roofing by the end of 2020.

Revenue by geographical area

<i>In thousands of EUR</i>	2020	2021
France	488,589	599,285
Germany	412,161	292,298
United Kingdom	339,926	433,263
Benelux	171,685	175,375
Poland	125,258	88,711
Spain	115,429	132,997
Other Europe	395,039	415,749
Australia	23,024	147,920
Chile	88,725	126,788
Argentina	54,795	90,067
Peru	60,047	74,151
Colombia	51,863	72,896
Nigeria	72,083	88,743
South Africa	28,439	22,227
Rest of the World	188,829	211,469
Total	2,615,892	2,971,939

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Note 2 – Operating charges by nature

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

<i>In thousands of EUR</i>	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 major operating charges by function in 2020 are as follows:

<i>In thousands of EUR</i>	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	Total
Cost of sales	-316,053	-131,763	-741,083	-172,771	-250,541	-155,294	-1,767,505
Distribution expenses	-197,935	-27,412	-	-580	-11,431	-109,588	-346,947
Administrative and general expenses	-100,070	-9,291	-	-606	-2,357	-58,931	-171,256
Other operating items	-11,708	-4,455	-	-91	-742	-2,213	-19,209
Non recurring items	-20,206	-23,079	-	-	-	4,659	-38,626
Total	-645,972	-196,000	-741,083	-174,048	-265,072	-321,368	-2,343,543

The Group's total personnel expenses, are made up of the following elements:

<i>In thousands of EUR</i>	2020	2021
Wages and salaries	-466,521	-473,621
Social security contributions	-103,661	-103,695
Contributions to defined contribution plans	-11,086	-13,468
Charges for defined benefit plans (service cost)	-18,586	-37,673
Restructuring and termination charges	-20,206	-18,208
Other employee benefits expenses	-25,912	-28,384
Total employee benefits expenses	-645,972	-675,049

The number of the Group's employees is split into the following categories:

<i>In thousands of EUR</i>	2020	2021
Production	7,869	7,705
Sales and marketing	3,548	3,265
Administration and research	1,361	1,244
Average number of personnel	12,778	12,214

Note 3 – Other operating charges and income

<i>In thousands of EUR</i>	2020	2021
Research	-20,434	-18,950
Other operating taxes	-2,205	-842
Government grant amortisation	1,497	475
Miscellaneous	1,934	827
Total other operating charges & income	-19,209	-18,490

Certain comparatives have been reclassified conform current year's presentation.

Note 4 – Non recurring items

<i>In thousands of EUR</i>	2020	2021
Gains / (losses) on disposal of assets	9,524	15,834
Gains / (losses) on disposal of businesses	28,865	-5,722
Total gains / (losses) on disposal of assets and businesses	38,389	10,112
Restructuring costs	-43,039	-18,208
Health claims	-1,635	-2,692
Environmental remediation	-18,460	-23,763
Asset impairment	-8,727	-8,604
Impairment on goodwill	-	-26,481
Others	-5,154	-13,307
Total other non recurring items	-77,015	-93,053
Non recurring items	-38,626	-82,941

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 2021 gain on disposal of assets relates to disposal of non operational sites in Germany and unused equipment in Belgium, mainly. In 2020, it related mainly to disposal of assets relating to disposal of non operational sites in Germany, in Mexico and in Chile.

In 2021, Etex completed the disposal of an entity based in Cyprus, with books held in Turkish lira, and has to recognize a loss on this transaction that is generated by the recycling of cumulated translation adjustments from currency devaluation since the entity entered into the consolidation scope in 2011.

Out of total gain on business disposals realised in 2020 (€28,865 thousand), a prominent part was generated by the disposal of the Creton business. Earlier in 2020, the disposal of the South African Marley Roofing business and the associated company RBB (Belgium) took place. In total, businesses sales transactions of 2020 generated a net disposal proceed of €108,623 thousand (mainly linked to the Creton business) and a price adjustment of €10,567 thousand that was collected in 2021, not impacting the 2021 results. In another segment, Etex also disposed in 2020 its German fire-resistant glass business part of the Industry division to AGC Glass Europe

The impairment losses incurred in 2021 relate to 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 Chile, in the United Kingdom and in Brazil (€1,599 thousand).

In 2020, impairment losses were relating to the thermal insulation powder blanket line in Belgium (€4,951 thousand), to unused gypsum concession in Cyprus (€2,264 thousand) and to some divested or poorly performing production lines in Chile, in France and in Germany (€1,512 thousand).

Restructuring charges in 2021 mainly relate to the following:

- the transfer in 2021 of the underloaded paint facility in Vernon to another Etex paint production site in Germany (€8,275 thousand),
- the need to book additional provisions regarding the closure of the Bègles plasterboard-paper mill (€5,020 thousand), closed in 2021,
- various and coordinated measures to reduce overheads costs that imply 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).

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In 2020, following restructuring measures were implemented:

- the closure of the Bègles plasterboard-paper mill (charges €20,742 thousand and impairment of equipment for €13,756 thousand) and the re-location of a production line in France (charges €3,367 thousand, impairment of equipment for €596 thousand),
- the centralisation of commercial processes of Industry division, including internal customer services and technical support (€2,569 thousand),
- the re-location of shared service centre roles to Lithuania (€1,368 thousand),
- the remaining part of the restructuring charges include the further re-design of regional functions within the Etex Exteriors division (in Chile and in Ireland), specific restructuring measures made mainly in Central and Eastern Europe, partially offset by the reversal of some unnecessary restructuring provisions booked in prior year in the Residential Roofing division.

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 €13,307 thousand in 2021: most of this is resulting from one-off external advisors fees and stamp duties with respect to acquisitions in the year 2021 and, to a lesser extent, from expenses on non-operational assets to be disposed, from final charges incurred to transform the IT support processes within Etex and from favourable and unfavourable adjustment to litigation and post-disposal provisions, mainly. In 2020, other non recurring (€5,154 thousand) charges were relating to acquisition projects, to non-operational assets disposals, to IT transformation processes within Etex and to reversed post-disposal provision not deemed necessary. Environmental remediation charges cover various projects for which costs were exposed to renovate asbestos-containing sites and properties.

Note 5 – Finance income and expense

<i>In thousands of EUR</i>	2020	2021
Interest income from receivables, deposits and cash and cash equivalents (loans and receivables)	3,031	2,210
Positive impact of change in discount rate of long term provisions	-9	-8
Other interest related income	4	759
Interest income	3,026	2,961
Interest expense on financial liabilities measured at amortised cost	-17,728	-9,003
Net interest expense on post-employment benefits	-4,534	-3,888
Unwinding of discount long term provisions	-24	-2
Negative impact of change in discount rate of long term provisions	-966	12
Other interest related charges	-838	-1,538
Interest expense	-24,090	-14,419
Dividend income from shares in non consolidated companies	100	-
Net foreign exchange gains (loans and receivables)	10,109	13,862
Other	240	422
Other finance income	10,449	14,284
Net foreign exchange losses	-12,198	-8,936
Impairment of shares in non consolidated companies	-763	-58
Hyperinflation Argentina	-1,314	-9,054
Other	-291	-298
Other finance expense	-14,566	-18,346
Net finance costs	-25,181	-15,520

The interest expense on financial liabilities measured at amortised cost decreased because of financing at lower cost and decreasing net financial debt position. In addition, in 2021 there is no longer the effect of interest rate swaps hedging the Group's interest rate risk (€7,587 thousand paid in 2020). Those interest rates swaps have all matured in December 2020.

The other interest related charges mainly include upfront fee expenses for €862 thousand (€805 thousand in 2020) 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 2021 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 2021 is €-9,054 thousand (€-1,314 thousand in 2020).

Note 6 - Income tax expense

<i>In thousands of EUR</i>	2020	2021
Current income tax charge for the year	-75,901	-93,199
Adjustments to current income tax of previous years	1,065	-1,162
Current income tax expense	-74,836	-94,361
Origination and reversal of temporary differences	29,954	16,004
Net effect on deferred tax assets	-536	3,232
Net effect of changes in tax rates on deferred tax	1,814	-14,493
Deferred income tax expense	31,232	4,743
Total income tax expense	-43,604	-89,618

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.

<i>In thousands of EUR</i>	2020	2021
Profit before income tax and before share of profit in equity accounted investees	247,167	299,045
Theoretical income tax expense (nominal rates)	-58,888	-80,183
Weighted average nominal tax rate %	23.8%	26.8%
Tax impact of		
Non deductible expenses	-7,982	-9,069
Tax on profit distribution inside the Group	-3,306	-3,569
Tax-free gains/losses on investments	12,004	1,140
Other tax deductions	3,700	6,196
Unrecognised deferred tax assets on current year losses	-10,135	-14,118
Recognition of previously unrecognised deferred tax assets	9,599	17,893
Derecognition of previously recognised deferred tax assets	-	-543
Net effect of changes in tax rates on deferred tax	1,814	-14,493
Adjustments to prior year income tax	1,065	-1,162
Other tax adjustments	8,525	8,290
Income tax expense recognised in the income statement	-43,604	-89,618
Effective tax rate %	17.6%	30.0%

The recognition of previously unrecognized 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:

<i>In thousands of EUR</i>	2020	2021
Actuarial gains (losses) on post employment benefit plans	13,912	-1,734
Gains (losses) on financial instruments - cash flow hedging	-2,299	-241
Total	11,613	-1,974

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Note 7 - Property, plant and equipment

<i>In thousands of EUR</i>	Land and Plant, buildings	machinery, equipment	Furniture, vehicles	Other property, plant, equipment	Under construction	Total
At 31 December 2019						
Gross book value	1,187,244	2,462,129	265,077	27,652	124,234	4,066,336
Accumulated depreciation	-567,529	-1,534,685	-173,880	-26,063	-	-2,302,157
Accumulated impairment loss	-38,746	-88,080	-2,482	-137	-3,297	-132,742
Net book value	580,969	839,364	88,715	1,452	120,937	1,631,437
<i>Of which leased assets</i>	62,365	26,364	29,030	227	-	117,986
Additions	15,635	40,360	13,163	1,596	31,961	102,715
Disposals	-7,438	-193	-957	7	-	-8,581
Acquisition of subsidiaries	2,814	1,554	92	-	-	4,460
Disposal of subsidiaries	-36,697	-46,391	-9,777	3	-2,064	-94,926
Transfer between captions	15,307	28,663	1,335	3,306	-56,962	-8,351
Depreciation for the year	-36,853	-90,926	-20,164	-1,772	-	-149,715
Impairment loss of the year	-4,568	-16,645	-25	-	-768	-22,006
Reversal impairment loss	1,292	3	4	-	-	1,299
Hyperinflation - impact of the year	1,014	5,090	330	-3	3,303	9,734
Translation differences	-27,304	-38,232	-1,739	1,387	-7,805	-73,693
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
<i>Of which leased assets</i>	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 of 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 of 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	150,780	3,793,675
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	147,944	1,588,051
<i>Of which leased assets</i>	113,346	24,005	18,896	449	-	156,696

During the year several investments were made in capacity increase and productivity / cost base reduction, especially in the United Kingdom, France, Nigeria and Belgium. There are no borrowing costs capitalised in 2021 and 2020.

The disposal proceeds of property, plant and equipment in 2021 amount to €4,615 thousand, resulting in a net gain of €1,296 thousand. In 2020, the proceeds amounted to €12,876 thousand with a net gain of €4,295 thousand.

Acquisition of subsidiaries (€142,883 thousand) represents the impact of the acquisition projects done in 2021 as disclosed in note 8.2 – Business combinations.

We refer to note 8.3 for the impairment testing of capital employed.

Note 8 – Goodwill and business combinations

8.1. Reconciliation of the carrying amount of goodwill

<i>In thousands of EUR</i>	2020	2021
Gross book value	204,590	141,087
Accumulated impairment losses	-82,179	-17,640
Net book value at the beginning of the year	122,411	123,447
Additions through business combinations	4,489	104,410
Translation differences	-3,453	-3,148
Impairment loss of the year	-	-26,481
Net book value at the end of the year	123,447	198,228
Gross book value	141,087	231,329
Accumulated impairment losses	-17,640	-33,101

The movements of the year are resulting on the one hand by 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 8.2) and on the other hand there is the impairment cost of €-26,481 thousand on the e-Loft goodwill (see also Note 4 and Note 8.3). The remaining is the result of translation (€-3,148 thousand), on the Australian goodwill mainly. In 2020, the movements of the year were resulting from the acquisition of the FSi Limited, a UK based company.

The main components of the carrying amount of goodwill are the following:

<i>In thousands of EUR</i>	2020	2021
Building Performance	81,858	117,459
Exteriors	11,325	11,330
Industry	27,154	27,282
New Ways	3,110	42,157
Total	123,447	198,228

8.2. Business combinations

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.

In September 2020, Etex acquired 100% of the shares of FSi Limited, a UK company specialising in passive fire protection solutions with a strong focus on fire stopping with a production facility in Measham (East Midlands) and a distribution centre within the Greater London area, for a total consideration of €17,289 thousand.

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The acquisition cost (including duties) for the 2021 acquisition projects amount to €11,703 thousand (€456 thousand in 2020).

The fair value of the identifiable assets and liabilities of the business acquired in 2021 and 2020 as at the date of acquisition are disclosed in the following table:

<i>In thousands of EUR</i>	2020 (FSi Ltd)	Australian plasterboard business	E-loft	Evolution Innovation Group	Horizon	Sigmat Group	2021
Non-current assets	18,209	181,468	13,847	853	2,878	41,432	240,478
Property, plant and equipment	4,460	127,154	5,998	456	654	8,621	142,883
<i>Property, plant and equipment - owned</i>	<i>1,646</i>	<i>120,398</i>	<i>1,586</i>	<i>169</i>	<i>555</i>	<i>4,043</i>	<i>126,751</i>
<i>Property, plant and equipment - leased</i>	<i>2,814</i>	<i>6,756</i>	<i>4,412</i>	<i>287</i>	<i>99</i>	<i>4,578</i>	<i>16,132</i>
Intangible assets	13,749	49,184	7,826	397	2,207	32,811	92,425
Other non-current assets	-	-	23	-	-	-	23
Deferred tax assets	-	5,130	-	-	17	-	5,147
Current assets	7,845	55,336	7,777	2,687	4,214	13,075	83,089
Inventories	2,103	16,598	1,424	227	1,313	1,798	21,360
Trade and other receivables	4,023	19,170	5,818	1,041	1,009	6,749	33,787
Current financial assets	-	164	-	-	-	-	164
Cash and cash equivalents	1,719	19,404	535	1,419	1,892	4,528	27,778
TOTAL ASSETS	26,054	236,804	21,624	3,540	7,092	54,507	323,567
Non-current liabilities	7,243	26,745	12,355	386	552	48,908	88,946
Provisions	-	1,598	7	-	-	-	1,605
Employee benefits liabilities	-	1,800	-	-	-	-	1,800
Loans and borrowings	4,523	6,894	10,442	336	272	40,417	58,361
<i>of which leasing</i>	<i>2,885</i>	<i>6,893</i>	<i>4,412</i>	<i>287</i>	<i>272</i>	<i>3,716</i>	<i>15,580</i>
Deferred tax liabilities	2,720	16,453	1,906	50	263	8,491	27,163
Other non-current liabilities	-	-	-	-	17	-	17
Current liabilities	6,010	18,135	9,581	796	2,667	8,794	39,973
Trade and other liabilities	6,010	18,135	9,581	796	2,667	8,794	39,973
TOTAL LIABILITIES	13,253	44,880	21,936	1,182	3,219	57,702	128,919
Net identifiable assets and liabilities	12,801	191,924	-312	2,358	3,873	-3,195	194,648
Group share	12,801	191,924	-217	1,415	3,873	-3,195	193,800
Non-controlling interests	-	-	-95	943	-	-	848
Acquisition price satisfied in cash (Group share)	17,289	231,492	26,263	3,996	6,634	29,825	298,210
Goodwill generated	4,489	39,568	26,481	2,580	2,761	33,021	104,410

The goodwill generated by this acquisition is explained by the synergies expected from this transaction.

The revenue and net result group share contribution to the 2021 consolidated income statement of the acquired businesses in Australia amount to respectively €123,644 thousand and €5,379 thousand.

For the acquired businesses within division New Ways (e-Loft, Evolution Innovation Group, Horizon Offsite and Sigmat Group) the revenue and net result group share contribution to the 2021 consolidated income statement amount to respectively €35,202 thousand and €-7,398 thousand.

The revenue and net result of the period (group share) of the combined entities acquired during 2021 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 €211,717 thousand and €1,062 thousand.

8.3 Acquisitions on non-controlling interests

Within the share purchase agreements of the acquisitions project e-Loft (2021) and Evolution Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At year-end 2021 the call/put option is measured at fair value and qualified as financial liability amounting to €6,024 thousand. We also refer to Note 23 – Loans and borrowings.

8.4 Impairment testing of goodwill and capital employed

Impairment reviews were performed in 2021, 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.

Etex Industry capital employed value, consistently tested as one whole, include 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 fibre-cement façade and roofing business in Europe and in 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 one whole, include the goodwill generated by the acquisition of EOS (2016) and by the acquisition, in 2021, of Evolution Innovation Group, Horizon Offsite and the Sigmat Group. Within Etex New Ways, the specific capital employed, including goodwill, generated by the acquisition of a majority stake in e-Loft was tested separately. This is due to the lack of integration, for the time being, with above 2-dimensions steel businesses based in the United Kingdom and in Ireland, while e-Loft which is active on the French market specifically in 3-dimensions wood offering. The company e-Loft required an impairment with respect to goodwill value and most of the value of its intangible assets. This conclusion is based on comparison of carrying amounts and historical values of the cash-generating unit with most recent estimates of future cash flows. The impairment booked as a result of this testing amounts to €33,486 thousand (out of which €26,481 thousand relates to goodwill).

The recoverable amount of the cash-generating units Etex Building Performance, Exteriors, Industry and New Ways was based on its value in use and exceeds by far the values of their respective capital employed, except on the e-Loft business within New Ways, 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 1.3% to 3.0% per annum depending on the countries involved and their inflation (1.0 % to 3.1% in 2020)
- cash flows were discounted using the weighted average cost of capital (WACC) in a range of 6.79% to 10.25% depending on the countries involved (5.8 % to 9.4 % in 2020).

In connection with the impairment testing process on the capital employed including goodwill, the future cash flows were subjected to stress tests that included changes in individual macroeconomic parameters as part of a sensitivity analysis. 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.

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Note 9 – Intangible assets other than goodwill

<i>In thousands of EUR</i>	Concessions	Software	Brands	Technology	Customer list	Others	Total
At 31 December 2019							
Gross book value	85,255	106,661	100,291	76,208	60,821	16,188	445,424
Accumulated amortisation	-19,584	-81,602	-54,883	-37,408	-29,663	-12,611	-235,751
Accumulated impairment losses	-6,076	-147	-	-1,922	-1,136	-	-9,281
Net book value	59,595	24,912	45,408	36,878	30,022	3,577	200,392
Additions	75	3,877	1,090	-	-	3,089	8,131
Disposals	-35	-7	-	-	-	-97	-140
Retirements	-	-1	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	13,749	-	13,749
Disposal of subsidiaries	-	-737	-	-	-	-1,301	-2,038
Transfer between captions	762	4,567	-	78	-	-	5,407
Amortisation for the year	-643	-6,657	-6,865	-3,939	-4,704	-175	-22,983
Impairment loss of the year	-2,264	-117	-	-	-	-	-2,381
Hyperinflation - impact of the year	-	-9	-	-	-	-	-9
Translation differences	-1,585	-852	-675	-295	211	-148	-3,344
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

The other additions amounting to €12,125 thousand mainly relate to the acquisition of emission rights (€11,792 thousand).

Acquisition of subsidiaries (€92,425 thousand) represents the impact of the acquisition projects done in 2021 as disclosed in note 8.2 – Business combinations.

We refer to note 8.3 for the impairment testing of capital employed.

Note 10 – Investment properties

<i>In thousands of EUR</i>	2020	2021
Gross book value	42,788	34,126
Accumulated depreciation	-20,291	-12,477
Accumulated impairment losses	-8,349	-8,280
Net book value at the beginning of the year	14,148	13,369
Depreciation for the year	-283	-113
Reversal of impairment losses	69	191
Additions	245	-
Transfer between captions	-	-683
Disposals	-659	-2,426
Hyperinflation - impact of the year	150	250
Translation differences	-301	-62
Net book value at the end of the year	13,369	10,526
Gross book value	34,126	25,720
Accumulated depreciation	-12,477	-9,352
Accumulated impairment losses	-8,280	-5,842

Investment properties comprise several pieces of land and buildings, mainly in France, Germany and Italy. In 2021 the disposal amounting to €-2,426 thousand relates to the divestment of German properties for a consideration of €16,486 thousand. In 2020 the disposal amounting to €-659 thousand mainly related to investment properties in Germany, sold for a consideration of €1,950 thousand.

The fair value of the investment properties is estimated at €18,420 thousand (€20,446 thousand in 2020). Where external valuations were not available, best estimates have been used.

Note 11 – Assets held for sale

<i>In thousands of EUR</i>	2020	2021
Gross book value	9,136	11,078
Accumulated impairment losses	-5,921	-5,617
Net book value at the beginning of the year	3,215	5,461
Disposals	-1,474	-443
Additions	1,092	842
Transfer between captions	2,944	683
Translation differences	-316	-34
Net book value at the end of the year	5,461	6,509
Gross book value	11,079	11,485
Accumulated impairment losses	-5,618	-4,976

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.

The transfer between captions for 2021 (€683 thousand) is the net of transferred assets with a gross carrying amounts for €727 thousand and accumulated depreciation for €-44 thousand from 'Investment property'.

Note 12 – Investments in equity accounted entities

<i>In thousands of EUR</i>	2020	2021
At the beginning of the year	9,526	18,024
Result for the year	-2,304	-11,009
Dividends paid	-698	-1,222
Acquisition	3,601	-
Disposal	-2,079	-
Capital increases	12,127	3,245
Cumulative translation adjustments	-2,150	2,067
At the end of the year	18,024	11,105

In 2020, E2E (Chilean joint venture) acquired a majority stake in Tecverde Engenharia, a Brazilian innovative building company specialised in wood-frame construction systems; explaining the increase of the Group's investments at equity accounted entities of €3,601 thousand.

The 2020 disposal value represents on the one hand the sale of RBB NV (Belgium) (€-1,622 thousand) for a total consideration of €750 thousand, and on the other hand the sale of Oberlausitzer Tonbergbau GmbH (Germany) (€-456 thousand) which forms part of the divestment of the Creaton group.

In 2021 and 2020 the Group's share of the capital increase in E2E (Chilean joint venture) equals to respectively €4,814 thousand and €6,511 thousand.

In 2020 the Group's share of capital increase in Tecverde (Brazilian joint venture) equals to €5,616 thousand. In 2021 a portion of the goodwill has been impaired (€-3,985 thousand) which is embedded in the result of the year amounting to €-11,009 thousand.

Summarised financial information of investments in equity accounted entities (Group's share):

<i>In thousands of EUR</i>	2020	2021
Property plant and equipment	5,525	5,639
Other non-current assets	6,069	763
Current assets	13,729	18,722
Non-current liabilities	-2,258	-2,958
Current liabilities	-5,041	-11,061
Total net assets	18,024	11,105
Revenue	20,395	18,910
Operating income	-823	-3,775
Profit after tax	-2,304	-11,009

Transactions between the Group and equity accounted entities can be summarised as follows:

<i>In thousands of EUR</i>	2020	2021
Transactions		
Purchases from associates	2,284	-
Sales to associates	4,575	4,999
Dividends paid	698	1,222
Outstanding balances		
Trade receivables	38	885
Trade liabilities	-	6

Note 13 – Other non-current assets

<i>In thousands of EUR</i>	2020	2021
Trade and other receivables	3,366	3,495
Impairment on trade and other receivables	-1,274	-1,196
Net trade and other receivables	2,092	2,299
Available-for-sale investments	617	648
Impairment on available-for-sale investments	-128	-126
Net available-for-sale investments	489	522
Loans granted	888	2,290
Total	3,469	5,111

The non-current available-for-sale investments include unquoted equity instruments that are measured at cost for €522 thousand as their fair value cannot be measured reliably (€489 thousand in 2020).

Note 14 – Trade and other receivables and Other current assets
Current trade and other receivables

<i>In thousands of EUR</i>	2020	2021
Trade receivables	219,429	267,312
Impairment on trade receivables	-16,660	-15,152
Trade receivables	202,769	252,160
Other receivables	74,498	87,835
Total	277,267	339,995

At 31 December 2021, an amount of €167.3 million (€159.0 million in 2020) has been received in cash under various non-recourse factoring and credit insurance programs, 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 derecognized from the balance sheet.

Other receivables are mainly composed of:

<i>In thousands of EUR</i>	2020	2021
Income taxes recoverable	21,720	23,732
Other taxes recoverable	25,432	36,861
Derivative financial instruments with positive fair values	439	476
Prepaid charges and accrued income	1,851	4,832
Advances due from customers for contracts in progress	1,179	7,937
Advances to personnel	1,350	3,596
Others	22,527	10,401
Total	74,498	87,835

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 are 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 €67,645 thousand. Amount of €38,812 thousand is expected to be recognised during 2022, while the remaining amount of €28,833 thousand is expected to be recognised during the periods from 2023 and onwards based on open contracts as per 31 December 2021 for which revenue recognition started during 2021 or prior periods.

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Exposure to credit risk – impairment losses

The ageing of trade and other receivables at reporting date was as follows:

<i>In thousands of EUR</i>	2020	2021
Neither impaired nor past due at reporting date	382,804	432,499
Not impaired at reporting date and past due	53,455	74,821
Up to 30 days	36,015	53,427
Between 31 and 60 days	9,716	15,405
Between 61 and 90 days	1,884	-735
Between 91 and 120 days	868	1,484
Between 121 and 150 days	811	448
More than 150 days	4,161	4,792
Non-recourse factoring	-158,992	-167,325
Net carrying amount at the end of the year	277,267	339,995

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:

<i>In thousands of EUR</i>	2020	2021
Allowances at the beginning of the year	-17,419	-16,660
Additions	-2,839	-2,812
Use	2,064	2,403
Reversal	786	2,755
Change in the scope of consolidation	748	-838
Allowances at the end of the year	-16,660	-15,152

Other current assets

<i>In thousands of EUR</i>	2020	2021
Available-for-sale investments	3,551	775
Deposits	20,433	40,543
Total	23,984	41,318

Note 15 – Inventories

The different types of inventories are detailed below:

<i>In thousands of EUR</i>	2020	2021
Raw materials	104,279	149,645
Work in progress	24,353	30,734
Finished goods	143,641	174,614
Spare parts and consumables	71,368	72,574
Goods purchased for resale	25,304	28,057
Write-downs to net realisable value	-35,851	-30,405
Total	333,094	425,219

In 2021, the Group recognised inventory write-downs to net realisable value of €-9,730 thousand (€-11,426 thousand in 2020) as an expense, and a reversal of prior year write-downs amounting to €15,098 thousand (€13,586 thousand in 2020) as an income. Reversals of write-downs without impact on the income statement amount to €218 thousand (€720 thousand in 2020), mainly due to foreign currency conversions.

The 2021 net impact of scope changes on the total inventory equals to €21,213 thousand; with an impact on the gross carrying amount of €21,353 thousand, and €-140 thousand on the write downs to net realisable value.

Note 16 – Risk management and financial derivatives

16.1 Risk management

A. Market risk

Exposure to currency risk

Around 51% of the Group's revenue is generated by subsidiaries with a functional currency other than the Euro (46% in 2020). The Group has its main foreign exchange exposure in the following foreign currencies: Argentinean peso, Australian dollar (new), 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 2021, 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 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 (new)	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

As a comparison, the reasonably possible change of exchange rate of these currencies against the Euro was estimated as follows for 2020:

Rates used for sensitivity analysis

	Closing rate 31 December 2020	Average rate 2020	Possible volatility of rates in %	Range of possible closing rates 31 December 2020	Range of possible average rates 2020
Argentinean peso	103.5297	103.5297	22	81.188 - 125.8714	81.188 - 125.8714
Chilean peso (000)	0.8724	0.9026	14	0.7535 - 0.9913	0.7796 - 1.0256
Colombian peso (000)	4.2120	4.2140	14	3.6232 - 4.8009	3.6249 - 4.8031
Nigerian naira	503.4178	436.1916	18	411.5441 - 595.2915	356.5866 - 515.7965
Peruvian nuevo sol	4.4470	4.0016	11	3.9605 - 4.9335	3.5638 - 4.4394
Pound sterling	0.8990	0.8899	7	0.8359 - 0.9622	0.8274 - 0.9524

If the Euro had weakened or strengthened during 2021 by the above estimated possible changes against the listed currencies with all other variables held constant, the 2021 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 2020, if the Euro had weakened or strengthened the profit would have been €9,366 thousand (12%) higher or €6,876 thousand (-10%) lower while equity would have been €63,133 thousand (5%) higher or €50,478 thousand (-4%) lower.

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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 (new)	-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

In thousands of EUR	2020			
	If euro weakens		If euro strengthens	
	Profit	Equity	Profit	Equity
Argentinean peso	2,678	13,696	-1,727	-8,834
Chilean peso	1,010	11,613	-767	-8,826
Colombian peso	99	6,991	-75	-5,276
Nigerian naira	2,972	6,421	-2,055	-6,989
Peruvian nuevo sol	205	10,051	-165	-8,069
Pound sterling	2,402	14,361	-2,087	-12,484
Total	9,366	63,133	-6,876	-50,478

Interest rates sensitivity analysis

At the end of 2021 €176,808 thousand or 39% of the Group's interest bearing financial liabilities, before offset of any surplus cash, bear a variable interest rate (€ 128,170 thousand or 30% at the end of 2020). This floating debt portion consists of debt instruments almost exclusively denominated in Euro apart from € 21,976 thousand that is denominated in Pound sterling (€17,572 thousand in 2020) and € 1,061 thousand denominated in other currencies.

The total interest expense recognised in the 2021 income statement on the Group's variable rate debt portion, net of the effect of interest rate derivative instruments, amounts to € 2,140 thousand (€ 10,229 thousand in 2020). The total interest expense recognised on the fixed rate portion amounts to € 2,641 thousand (€ 2,880 thousand in 2020).

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 2021	Possible volatility of rates	Possible rates at 31 December 2021
	Australian dollar (new)	-0.04%	-0.19% - 0.37%
Euro	-0.57%	-0.06% - 0.02%	-0.63% - -0.55%
Pound sterling	0.26%	-0.06% - 0.17%	0.2% -0.43%
Romanian Leu	2.71%	-0.33% - 1.19%	2.38% -3.9%

	Rates used for sensitivity analysis		
	Rates at 31 December 2020	Possible volatility of rates	Possible rates at 31 December 2020
	Euro	-0.55%	-0.12% - 0.27%
Pound sterling	0.03%	-0.26% - 0.51%	-0.23% -0.54%
Romanian Leu	1.73%	-0.41% - 0.85%	1.32% -2.58%

Application of the reasonably possible fluctuations in the market interest rates mentioned above on the Group's floating rate debt at 31 December 2021, with all other variables held constant and net of the effect of interest rate derivative instruments, would result in a decrease of the 2021 profit by €68 thousand and an increase of € 106 thousand (a decrease of € 388 thousand and an increase of € 178 thousand in 2020). Cash and cash equivalents in Euro of € 32,018 thousand (€ 110,950 thousand in 2020), Pound sterling balances of € 118,211 thousand (€

143,737 thousand in 2020), US dollar € 100,798 thousand (€ 54,219 thousand in 2020) and Romanian Leu balances of € 17,328 thousand (€ 9,454 thousand in 2020) generate interest that would partially offset any variations in interest payable. The cash pool balances are monthly netted (in euro). There is no interest rate hedging in 2021. In 2020 the fair value of the Group's interest rate hedging contracts would, on basis of the above possible change in interest rates, decrease by € 21 thousand and increase by € 50 thousand in 2020 against an increase / decrease of equity for that amount.

The Group assessed the impact of the Interest Benchmark Reform and concluded that there is not any significant impact on historical, current and looking forward 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 13 for investments, note 14 for trade and other receivables, and note 17 for cash and cash equivalents).

C. Funding and long term liquidity risk

Maturity schedule

At 31 December 2021 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	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 rates 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

Bank loans are shown according to their contractual maturity date, rather than their interest and roll-over date.

At 31 December 2020 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	187,575	192,388	78,893	714	112,781	-
Other financial loans	134,238	134,874	131,874	1,087	1,513	400
Obligations under leases	107,327	129,144	23,636	21,279	32,642	51,587
Trade and other liabilities	641,050	630,441	630,441	-	-	-
Derivative financial liabilities						
Commodity contracts	106	106	106	-	-	-
Foreign exchange contracts	3,131	3,131	3,131	-	-	-
Total	1,073,427	1,090,084	868,081	23,080	146,936	51,987

D. Capital risk

The Group monitors capital using the debt covenant specifications as outlined in the latest syndicated loan agreement signed on 11 October 2018 (which was amended and restated into a sustainability linked loan in November 2019, without any impact on the debt covenant) and the Schuldschein loan. 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 0.10 at 31 December 2021 (-0.21 at 31 December 2020), well below the lowest

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covenant of 3.25. The net cash interest to recurring EBITDA ratio amounts to 155.88 at 31 December 2021 (37.87 at 31 December 2020), well above the covenant of 4.

16.2 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:

<i>In thousands of EUR</i>	2020		2021	
	Fair value	Carrying amount	Fair value	Carrying amount
Foreign exchange contracts				
Assets	439	439	365	365
Liabilities	-3,131	-3,131	-2,332	-2,332
Commodity contracts				
Assets	-	-	111	111
Liabilities	-106	-106	-	-
Total	-2,798	-2,798	-1,856	-1,856

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 2021, have been recognised:

<i>In thousands of EUR</i>	Profit for the year				
	Cost of sales	Interest expense	Other financial income	Other financial charges	Other comprehensive income
Foreign exchange contracts					
Assets	69	-	-	-	-144
Liabilities	128	-	-	-	671
Commodity contracts					
Assets	-	-	-	-	111
Liabilities	-	-	-	-	106
Interest rate swaps					
Total	197	-	-	-	744

A. Cash flow hedges

At 31 December 2021, the Group holds 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 Polish Zloty.

At 31 December 2021, the Group holds commodity swap agreements designated as hedges to cover a portion of the exposure of future price changes on mainly fuel and other raw material.

During 2021, the Group had no interest rate swap agreements in place. In 2020 the group had an interest rate swap agreement in place with a nominal amount of €250,000 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 matured in December 2020 and were being used to hedge the exposure to interest rate risk on its floating debt. The floating rate debt and the interest rate swaps had the same critical terms.

The Group did not recognise any ineffectiveness in 2021 and 2020.

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 2021:

<i>In thousands of EUR</i>	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						
Commodity contracts						
Assets	111	111	111	-	-	-
Interest rate						
Interest rate swaps						
Assets	-	-	-	-	-	-

At 31 December 2020:

<i>In thousands of EUR</i>	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	205	205	205	-	-	-
Liabilities	-2,296	-2,296	-2,296	-	-	-
Commodity contracts						
Commodity contracts						
Assets	-	-	-	-	-	-
Liabilities	-106	-106	-106	-	-	-
Interest rate						
Interest rate swaps						
Assets	-	-	-	-	-	-

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 2021.

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16.3 Financial instruments – fair values

Fair values of the financial assets and liabilities approximate their carrying amounts.

<i>In thousands of EUR</i>	2020	2021
Assets	695,057	588,924
Other non current assets	3,469	5,111
<i>Trade and other receivables (loans and receivables)</i>	2,092	2,299
<i>Loans (loans and receivables)</i>	888	2,290
<i>Bonds (available-for-sale)</i>	486	519
<i>Other</i>	3	3
Trade and other receivables	277,267	339,995
<i>Trade and other receivables (loans and receivables)</i>	276,828	339,519
<i>Derivatives – not used for hedging (held for trading at fair value through profit and loss)</i>	234	298
<i>Derivatives – used for hedging (cash flow hedging)</i>	205	178
Other current assets	23,984	41,318
<i>Current financial assets – deposits (loans and receivables)</i>	20,433	40,543
<i>Shares (available-for-sale)</i>	3,551	775
Cash and cash equivalents (loans and receivables)	390,337	202,500
Liabilities	1,073,427	1,209,700
Financial liabilities (liabilities at amortised cost)	199,017	256,851
Other non-current liabilities	11,071	12,117
<i>Other non-current liabilities (liabilities at amortised cost)</i>	11,071	12,117
Current portion of financial liabilities (liabilities at amortised cost)	230,123	200,762
Trade and other liabilities	633,216	739,970
<i>Trade and other payables (liabilities at amortised cost)</i>	629,979	737,638
<i>Derivatives – not used for hedging (held for trading at fair value through profit and loss)</i>	835	598
<i>Derivatives – used for hedging (cash flow hedging)</i>	2,402	1,734

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 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.

2021

<i>In thousands of EUR</i>	Level 1	Level 2	Level 3
Assets measured at fair value			
Derivatives – used for hedging (cash flow hedging)	-	298	-
Liabilities measured at fair value			
Derivatives – used for hedging (cash flow hedging)	-	598	-

During 2021 and 2020 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.

2020

<i>In thousands of EUR</i>	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)	-	-	-
Derivatives – used for hedging (cash flow hedging)	-	234	-
Liabilities measured at fair value			
Derivatives – not used for hedging (held for trading at fair value through profit and loss)	-	-	-
Derivatives – used for hedging (cash flow hedging)	-	835	-

As stated in note 11, assets held for sale are measured at the lower of carrying amount and fair value less costs to sell in 2021 and 2020 since no observable fair value could be obtained.

The investment properties are measured at amortised cost, we refer to note 10.

Note 17 – Cash and cash equivalents

Cash and cash equivalents per end of the year decreased in 2021 compared to 2020. This was mainly due to the acquisition projects in Australia (Etex Australia), France (e-Loft), Ireland (Horizon and Evolusion) and UK (Sigmat) despite a strong cash generation of the group throughout 2021. We also refer to the Consolidated statement of cash flows, Note 8 'Goodwill and Business Combinations' and Note 23 'Loans & borrowings' for further explanation. The different types of cash and cash equivalents are detailed below:

<i>In thousands of EUR</i>	2020	2021
Cash on hand and bank deposits	385,211	198,167
Short-term deposits (less than three months)	5,126	4,333
Total	390,337	202,500

Note 18 – Equity

Ordinary shares

The issued share capital (share premium included) of Etex N.V. amounts to €3,276 thousand at 31 December 2021. It is represented by 82,837,819 fully paid ordinary shares without par value.

	2020	2021
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 2021 the Group owns 4,673,495 ordinary shares representing 5.64% of the total number of ordinary shares.

	2020	2021
At the beginning of the year	4,673,495	4,673,495
At the end of the year	4,673,495	4,673,495

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Dividend

The 2021 dividend will be proposed for approval at the General Shareholders' Meeting of Etex N.V. on 25 May 2022 (after issuance of the financial statements) and will amount to €0.84 per share representing a total dividend of €65,658 thousand.

In 2021, a dividend of €54,715 thousand has been paid out based on the decision of the General Shareholders' Meeting of Etex N.V. on 26 May 2021 to allocate a dividend of EUR 0.70 per share.

	Number of shares	EUR/share	Dividend in EUR
Ordinary shares	82,837,819	0.70	57,986,473
Treasury shares	-4,673,495	0.70	-3,271,447
Dividend paid out	78,164,324		54,715,026

Details changes in equity

<i>in thousands of EUR</i>	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, 2019	2,533	743	3,276	-281,672	-9,689	-291,361
Total comprehensive income	-	-	-	-41,147	8,111	-33,036
Other equity movements	-	-	-	14,462	-	14,462
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

Other equity movements

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.

The 2020 Other equity movements of €12,324 thousand mainly relate to the scope out impact post employment benefits reserves, linked to the disposed companies during 2020; and the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings.

Note 19 – Provisions

<i>In thousands of EUR</i>	Warranty	Health claims	Litigation	Others	Total
At 31 December 2020	33,953	68,320	11,477	58,257	172,007
Additional provisions made	5,068	2,839	2,382	28,903	39,192
Amounts utilised during the year	-5,658	-4,257	-1,086	-27,607	-38,608
Unused amounts reversed	-1,415	-2,554	-3,769	-4,769	-12,507
Changes in the scope of consolidation	-	-	-	1,605	1,605
Translation differences	65	-127	28	163	129
Discount rate adjustment	-1	-379	-	378	-2
At 31 December 2021	32,012	63,842	9,032	56,930	161,816
Non-current at the end of the period	26,934	56,677	7,634	27,063	118,308
Current at the end of the period	5,078	7,165	1,398	29,867	43,508

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 2021 for the cost of asbestos claims comprises an amount of €22,488 thousand (€25,883 thousand in 2020) for the expected costs of settling notified claims and a discounted amount of €41,349 thousand (€42,437 thousand in 2020) 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 6.37 % depending on the country (0.00 % to 4.0 % in 2020).

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 2021 was 28 (26 in 2020), 20 cases were settled and 5 resolved without cost. The number of outstanding cases for which a provision has been made at 31 December 2021, was 150 (147 in 2020).

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 2021, these provisions amount to €32,946 thousand (€26,693 thousand in 2020).

Restructuring provisions relate mainly to restructuring of companies in France. Further information is disclosed under note 4.

Note 20 – 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 19 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.

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Guarantees

At 31 December 2021, the Group issued the following guarantees to third parties:

<i>In thousands of EUR</i>	2020	2021
Guarantees issued after business disposals	328,016	324,783
Guarantees issued by the Group to cover the fulfilment of Group companies obligations	295,736	249,492
Guarantees issued by Third Parties to cover fulfilment of the Group companies obligations	606	19,404
Secured debt	2,586	866

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 (€600 million), commercial paper program (€200 million), Schuldschein loan (€110 million), as well as securities issued to guarantee other commitments (€216 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 2021.

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 2021 Etex had purchase commitments of €92,924 thousand (€21,618 thousand in 2020), mainly due to a significant project in UK.

Commitments relating to uncapitalized lease payments are disclosed in Note 23.

Note 21 – 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 2021, the defined contribution plan expenses for the Group amounted to €13,468 thousand (€11,086 thousand in 2020).

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:

<i>In thousands of EUR</i>	2020	2021
Present value of funded obligations	1,349,225	1,359,426
Fair value of plan assets	1,116,358	1,181,269
Plan (surplus) deficit of funded obligations	232,867	178,157
Present value of unfunded obligations	121,461	114,166
Net liability from funded and unfunded plans	354,328	292,323
Other long term benefits	5,398	7,357
Termination benefits	2,817	2,644
Stock option plans	16,756	39,479
Net employee benefits liability	379,299	341,803
Employee benefit obligation	1,495,657	1,523,072
Fair value of plan assets	1,116,358	1,181,269
Net liability at the end of the year	379,299	341,803
Net employee benefits liability (assets)	379,299	341,803
<i>Employee benefits in the statement of financial position:</i>		
Liabilities	385,976	356,343
Assets	6,677	14,540

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 it relates 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 22.

The largest individual plans are in UK and Ireland. Together they account for 82% (83% in 2020) of the total Group defined benefit obligation, and 92% (93% in 2020) 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, 31 December 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 remains 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, 31 December 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 remains 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 16 years for the Scheme and 17 years for the Plan as at 31 December 2021.

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 2020, and the changes introduced aim at improving risk-adjusted returns by allocating to credit market opportunities that had been particularly impacted by COVID-19.

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.

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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 18 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:

<i>In thousands of EUR</i>	2020	2021
United Kingdom	1,134,433	1,141,258
Germany	113,930	104,417
Ireland	99,797	102,314
Belgium	87,535	90,176
France	19,123	19,057
Others	40,839	65,850
Employee benefit obligation	1,495,657	1,523,072

The changes in the present value of the employee benefit obligations are as follows:

<i>In thousands of EUR</i>	2020	2021
Employee benefit obligation at the beginning of the year	1,517,133	1,495,656
Service cost	20,241	37,014
Past service cost (gain)/loss	-236	326
Settlements	-1,419	333
Service cost	18,586	37,673
Interest cost	25,025	18,437
Actuarial (gains) and losses	125,626	-47,597
Benefits paid	-76,081	-63,512
Plan participants contribution	1,099	959
Derecognized plan	-11,344	-
Acquisition of subsidiaries	-	4,865
Disposal of subsidiaries	-42,757	-
Translation differences	-61,630	76,591
Employee benefit obligation at the end of year	1,495,657	1,523,072

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 costs of €1,510 thousand relate to a Belgian plan. Past service gains of €1,184 thousand relate to the change of the estimates of some plans in France and Indonesia, in accordance with the new IFRIC recommendation. Settlements of €333 thousand relate to Belgium.

The changes in the fair value of the plan assets are as follows:

<i>In thousands of EUR</i>	2020	2021
Fair value of plan assets at the beginning of the year	1,135,598	1,116,357
Interest income	20,491	14,549
Actuarial gains and (losses)	70,568	16,820
Employer contribution	13,141	14,206
Plan participants contribution	1,099	940
Administration cost (excluding management of assets)	-161	-144
Newly recognized plan	-	3,064
Derecognized plan	-11,344	-
Disposal of subsidiaries	-7,802	-
Benefits paid	-54,442	-49,115
Transfer	-	-16
Translation differences	-50,790	64,608
Fair value of plan assets at the end of the year	1,116,358	1,181,269

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The expense recognised in the income statement is detailed as follows:

<i>In thousands of EUR</i>	2020	2021
Service cost	-18,586	-37,673
Interest cost	-25,025	-18,437
Interest Income	20,491	14,549
Administration cost (excluding management of assets)	-161	-145
Total employee benefit expense	-23,281	-41,706
<i>The employee benefit expense is included in the following line items of the income statement :</i>		
Operating income	-18,747	-37,818
Financial result	-4,534	-3,888

The main weighted assumptions used in measuring the employee benefit liabilities are the following:

	2020	2021
Discount rate	0.92%	1.27%
Future salary increases	5.03%	5.08%
Pension increase	2.09%	2.41%
Medical cost trend	5.40%	5.40%

The distribution of the plan assets is the following:

	2020	2021
Equity instruments	7%	8%
Debt instruments	38%	57%
Real estate	7%	8%
Etex shares (200,190 shares)		
Cash and fixed deposits	7%	4%
Insurance	7%	10%
Other	34%	12%
Total	100%	100%

The expected employer contributions to be paid in 2022 to defined benefit plans amount to €4,953 thousand.

Sensitivity analysis

UK

The measurement of the defined benefit obligation for the Plans in 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 €171 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 €107 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 €44 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 €21 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 €21 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 €5.6 million.

There is also a risk of asset volatility leading to lower funding levels in the Plans.

Note 22 – 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 and in 2021 grants were made under this plan (SOP 2020 and SOP 2021).

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:

	2020	2021
Expected volatility (% pa)	20.00	20.00
Risk-free interest rate (% pa)	-0.22	-0.18
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)	28.69	50.42
Expected early exercise of options	5-6 years	5-6 years
Fair value per granted instrument determined at grant date (€)	3.53	5.61

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 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 €28,636 thousand during the year (an expense of €9,090 thousand in 2020). The total carrying amount of the liability related to the stock option plans amounts to €39,479 thousand (€16,756 thousand in 2020) and is disclosed under "Employee benefits liabilities" as described under note 21.

Stock option plans granted by the company

Plan	Contractual life of an option	Exercise period	Exercise price	Number of options still to be exercised
SOP 2015	20.6.2022	Once a year as from 2019, between 1.6 and 20.6	32.83	17,700
SOP 2016	20.6.2023	Once a year as from 2020, between 1.6 and 20.6	26.74	46,000
SOP 2017	20.6.2024	Once a year as from 2021, between 1.6 and 20.6	33.23	209,500
SOP 2018	20.6.2025	Once a year as from 2022, between 1.6 and 20.6	33.65	806,606
SOP 2019	20.6.2026	Once a year as from 2022, between 1.6 and 20.6	29.35	739,113
SOP 2020	20.6.2027	Once a year as from 2023, between 1.6 and 20.6	28.69	737,625
SOP 2021	20.6.2028	Once a year as from 2024, between 1.6 and 20.6	50.41	1,103,925

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Details of the share options outstanding during the year

<i>In thousands of EUR</i>	2020		2021	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	3,946,688	30.83	3,239,848	31.18
Granted during the year	754,625	28.69	1,103,925	50.41
Forfeited during the year	-13,315	31.13	-112,256	30.97
Exercised during the year	-1,440,150	28.95	-561,148	32.88
Expired during the year	-8,000	27.76	-9,900	32.28
Outstanding at the end of the year	3,239,848	31.18	3,660,469	31.18
<i>Of which exercisable at the end of the year</i>	<i>112,500</i>	<i>28.68</i>	<i>273,200</i>	<i>32.11</i>

For share put options exercised during the period, the weighted average share price was €43.42 (€36.52 in 2020).

Note 23 – Loans and borrowings

<i>In thousands of EUR</i>	2020	2021
Bank loans	109,559	113,243
Other financial loans	3,056	7,205
Obligations under leases	86,402	136,403
Total non-current financial liabilities	199,017	256,851

<i>In thousands of EUR</i>	2020	2021
Bank loans	77,689	4,335
Bank overdrafts	327	1,390
Other financial loans	131,182	172,335
Obligations under leases	20,925	22,702
Total current financial liabilities	230,123	200,762

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. That Syndicated Facility was drawn at €0 million per end of 2021 (drawn at €0 million per end of 2020). The facility was not used during the year.

Etex also uses a Schuldschein loan of €110 million (€185 million in 2020) and a Commercial Paper program of €200 million, drawn at €137.3 million per end of 2021 (€104.1 million per end of 2020). The net decrease of these two loan facilities is the result of the strong cash flow generation, despite numerous acquisitions during 2021.

In 2021, Etex continued using its €200 million non-recourse Factoring Program, 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 2021, €200 million were financed through that program, out of which €167.3 million was eligible for trade receivables derecognition.

The utilisations of the Syndicated Loan Facility 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 Facility 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 16.

Transaction costs on the Syndicated Loan of 2018 and on the 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 2021 amounts to €1,204 thousand (€2,066 thousand at the end of 2020).

Within the share purchase agreements of the acquisitions project e-Loft (2021) and Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At year-end 2021 the call/put option is measured at fair value and qualified as financial liability amounting to €6,024 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 €12.4

million end of 2021 (€8.7 million end of 2020). Promat Japan (€4.8 million in 2021 compared to €4.3 million in 2020) and e-Loft (€3.9 million in 2021) have a local financing, Pladur Gypsum Spain is financed via Spanish state subsidised loans for €1.9 million (€4.3 million at the end of 2020).

The management of interest rate risk is described in Note 16.

Net financial debt

The net financial debt position is calculated as follows:

<i>In thousands of EUR</i>	2020	2021
Non-current loans and borrowings	199,017	256,851
Current portion of loans and borrowings	230,123	200,762
Current financial assets	-23,984	-41,316
Cash and cash equivalents	-390,337	-202,500
Net financial debt	14,819	213,797

Lease liabilities

The Group is leasing for various items of plant, property and equipment. At commencement date of the lease, the Group recognises the right-of-use assets (refer to Note 7 – 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 5 – Finance income and expenses). The future minimum lease payments, interest payments and present value of payments are as follows:

<i>In thousands of EUR</i>	2020			2021		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
Less than 1 year	23,634	-2,709	20,925	26,826	-4,124	22,702
Between 1 and 5 years	53,923	-6,904	47,019	65,956	-12,801	53,155
More than 5 years	51,587	-12,204	39,383	142,107	-58,859	83,248
Total	129,144	-21,817	107,327	234,889	-75,784	159,105

Uncapitalized 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 uncapitalized lease payments recognised in the consolidated income statement for 2021 amount to €5,013 thousand. Future committed uncapitalized lease payments are as follows:

<i>In thousands of EUR</i>	2020			2021			
	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	2,840	-	-	2,840	2,017	12	2,029
Low-value leases	213	277	13	503	23	12	35
Variable lease payments	-	-	-	-	4	-	4
Total	3,053	277	13	3,343	2,044	24	2,068

Variable lease payments that do not depend on an index or a rate are not material.

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Note 24 – Deferred tax

<i>In thousands of EUR</i>	Assets	Liabilities	Net
Net carrying amount at 31 December 2020	114,218	66,561	47,657
Translation differences	80	615	-535
Recognised in income statement	8,879	4,136	4,743
Recognised in equity	-	1,974	-1,974
Change in scope of consolidation	5,147	27,163	-22,016
Hyperinflation - Impact of the year through financial result	449	-	449
Netting	-16,748	-16,748	-
Net carrying amount at 31 December 2021	112,025	83,701	28,324

The amount of deferred tax assets and liabilities are attributable to the following items:

<i>In thousands of EUR</i>	2020		2021		2020	2021	Variance
	Assets	Liabilities	Assets	Liabilities	Net	Net	
Property, plant and equipment	1,135	114,981	3,475	125,012	-113,846	-121,537	-7,691
Intangible assets	1,827	27,193	3,187	46,057	-25,366	-42,870	-17,504
Employee benefits assets	2,096	835	10	1,818	1,261	-1,808	-3,069
Inventories	5,000	1,066	5,542	939	3,934	4,603	669
Trade & other receivables	3,218	586	5,682	446	2,632	5,236	2,604
Other assets	13,066	1,110	11,366	3,351	11,956	8,015	-3,941
Provisions	18,744	4,097	21,443	7,676	14,647	13,767	-880
Employee benefits liabilities	52,427	412	47,003	595	52,015	46,408	-5,607
Loans and borrowings	9,986	684	11,988	318	9,302	11,670	2,368
Other non-current liabilities	-	309	-	333	-309	-333	-24
Current liabilities	10,124	2,581	15,337	1,108	7,543	14,229	6,686
Tax losses carried forward	209,422	-	203,094	-	209,422	203,094	-6,328
Unrecognised deferred tax assets	-125,534	-	-112,152	-	-125,534	-112,152	13,382
Netting by taxable entity	-87,293	-87,293	-103,951	-103,951	-	-	-
Total	114,218	66,561	112,025	83,701	47,657	28,322	-19,335

Deferred taxes have not been recognised in respect of tax losses carried forward for an amount of €109,429 thousand (€122,973 thousand in 2020) and net deductible temporary differences for €2,724 thousand (€2,561 thousand in 2020) when it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

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
2022	3,489
2023	35
2024	37
2025	1,032
2026 or later	33
Without expiration date	198,468
Total	203,094

Note 25 – Trade and other liabilities

Non-current liabilities

<i>In thousands of EUR</i>	2020	2021
Deferred income - Government grants	10,610	12,098
Other liabilities	461	19
Total	11,071	12,117

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 €12,098 thousand (€10,610 thousand in 2020) and amortised over the useful life of the assets. All conditions attached to these grants have been fulfilled.

Current liabilities

<i>In thousands of EUR</i>	2020	2021
Trade liabilities	437,363	533,252
Other liabilities	195,853	206,718
Total	633,216	739,970

At 31 December 2021 an amount of €27,828 thousand, out of a total credit line of €65 million, has been utilized by suppliers as part of a supplier finance arrangement. The arrangement contemplates 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.

The other current liabilities include:

<i>In thousands of EUR</i>	2020	2021
Income taxes payable	43,598	49,533
Other taxes payable	45,280	32,465
Remuneration payable	64,819	72,424
Social security payable	21,035	23,159
Deferred income and accrued charges	10,985	9,181
Derivative financial instruments with negative fair values	3,237	2,332
Dividends payable	879	41
Amount due to customers for construction contracts in progress	34	1,245
Advances received on construction contracts not started yet	-	87
Current cash guarantees received	931	708
Other	5,055	15,543
Total	195,853	206,718

Note 26 – Statement of cash flow details

(a) Depreciation, amortisation and impairment losses

2021

<i>In thousands of EUR</i>	Property, plant, equipment (note 7)	Intangible assets (note 8, 9)	Investment properties (note 10)	Assets held for sale (note 11)	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

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2020

<i>In thousands of EUR</i>	Property, plant, equipment (note 7)	Intangible assets (note 8, 9)	Investment properties (note 10)	Assets held for sale (note 11)	Total
Depreciation	149,715	-	283	-	149,998
Amortisation	-	22,983	-	-	22,983
Impairment losses	20,707	2,381	-69	-	23,019
Total	170,422	25,364	214	-	196,000

(b) Gains (losses) on sale and retirement of intangible assets and property, plant and equipment

2021

<i>In thousands of EUR</i>	Property, plant, equipment (note 7)	Intangible assets (note 9)	Investment properties (note 10)	Assets held for sale (note 11)	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

2020

<i>In thousands of EUR</i>	Property, plant, equipment (note 7)	Intangible assets (note 9)	Investment properties (note 10)	Assets held for sale (note 11)	Total
Disposal proceeds	12,876	5	1,950	4,947	19,778
Net book value disposals	-8,581	-265	-659	-1,474	-10,979
Gains (losses) on disposal	4,295	-260	1,291	3,472	8,799
Losses on retirement	-	-	-	-	-
Total	4,295	-260	1,291	3,472	8,799

(c) Capital expenditure

<i>In thousands of EUR</i>	2020	2021
Property, plant and equipment (note 7)	102,715	181,800
Intangibles assets (note 9)	8,131	15,572
Investment properties (note 10)	245	-
Assets held for sale (note 11)	1,092	842
Total	112,183	198,214
Property, plant and equipment - leased	21,544	61,316
Total Capital expenditure - leased	21,544	61,316
Property, plant and equipment - owned	81,171	120,484
Intangibles assets - owned	8,131	15,572
Investment properties - owned	245	-
Assets held for sale - owned	1,092	842
Total Capital expenditure - owned	90,639	136,898

(d) Changes in working capital, provisions and employee benefits

<i>In thousands of EUR</i>	2020	2021
Inventories	12,454	-70,530
Trade and other receivables, trade and other liabilities	62,872	8,473
Provisions	6,518	-11,933
Employee benefits	-17,610	8,414
Total	64,233	-65,576

(e) Interest and dividend received

<i>In thousands of EUR</i>	2020	2021
Interest received	2,961	2,083
Dividend received	100	-
Dividend Associates	698	1,222
Total	3,759	3,305

(f) Reconciliation Income tax expense - income tax paid

<i>In thousands of EUR</i>	2020	2021
Income Tax expense	-43,604	-89,618
Changes in Deferred taxes	-31,232	-4,743
Changes in income tax payables/receivables	13,274	787
Income Tax paid	-61,562	-93,574

(g) Dividend paid

<i>In thousands of EUR</i>	2020	2021
Dividend Etex N.V.	-45,335	-54,715
Minority interest	-11,576	-9,054
Changes dividend payable	838	-838
Exchange difference	2,124	684
Total dividend paid	-53,949	-63,923

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(h) Changes in liabilities arising from financial liabilities

2021

In thousands of EUR	Cash flows		Non-cash changes				December 31, 2021
	January 01, 2021		Foreign exchange movements	New leases	Transfers	Scope in	
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

2020

In thousands of EUR	Cash flows		Non-cash changes						December 31, 2020
	January 01, 2020		Foreign exchange movements	New leases	Transfers	Disposal	Scope in	Scope out	
Bank loans	200,442	-14,627	-522	-	-75,734	-	-	-	109,559
Other financial loans	5,418	-2,427	-1	-	-1,271	-	1,337	-	3,056
Non-current lease liability	96,011	-1,367	-4,777	21,544	-22,781	-1,624	3,300	-3,904	86,402
Non-current financial liabilities	301,871	-18,421	-5,300	21,544	-99,786	-1,624	4,637	-3,904	199,017
Bank loans	13,705	-9,785	-1,610	-	75,734	-	-355	-	77,689
Bank overdrafts	521	295	-	-	-	-	-	-489	327
Other financial loans	191,202	-60,917	-968	-	1,271	-	-	594	131,182
Current lease liability	24,056	-19,414	-4,250	-	22,781	-13	-	-2,235	20,925
Current financial liabilities	229,484	-89,821	-6,828	-	99,786	-13	-355	-2,130	230,123
Total loans and borrowings	531,355	-108,242	-12,128	21,544	-	-1,637	4,282	-6,034	429,140

Note 27 – 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 12.

Transactions with members of the Board of Directors and Executive Committee:

In thousands of EUR	2020	2021
Board of Directors:		
Short term employee benefits	800	958
Executive Committee:		
Short term employee benefits	5,140	11,698
Post employment benefits	460	485
Share based payment	1,628	7,573
Number of stock options granted during the year	240,625	464,375

The employee benefits of the Executive Committee increases as a result of additional members appointed compared to previous year, it also includes the impact of the strong financial performance on the short and long term incentive program.

Transactions with companies in which members of the Board of Directors are active, reflect third party conditions and are immaterial in scope.

Note 28 – Remuneration of statutory auditor

The world-wide audit remuneration for the statutory auditor totalled €2,245 thousand (€2,053 thousand in 2020). The fees paid to the statutory auditor for additional services amounted to €940 thousand (€670 thousand in 2020), of which €143 thousand Other engagements (€152 thousand in 2020) and €797 thousand tax & advisory services (€536 thousand in 2020).

Note 29 – Etex companies

The major companies included in the consolidated financial statements are listed below. An exhaustive list of the Group companies with their registered office will be filed at the Belgian National Bank together with the consolidated financial statements.

		% equity interest	
		2020	2021
Europe			
Austria	Etex Building Performance GmbH	100%	100%
Belgium	Comptoir du Bâtiment N.V.	100%	100%
	Etergy 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%
Bosnia	Siniat Adria Gips LLC	100%	100%
Cyprus	Asmad Alci Ltd STI	100%	0%
Czech Republic	Promat s.r.o.	100%	100%
Denmark	Etex Nordic A/S	100%	100%
France	Eternit S.A.S.U.	100%	100%
	Eternit S.A.S.U.	100%	100%
	Etex Building Performance International S.A.S.	100%	100%

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Explanatory notes

		% equity interest	
		2020	2021
	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.	0%	69.40%
	Pladur France S.A.S.	100%	100%
Germany	Eternit Management Holding GmbH	100%	100%
	Etex Building Performance GmbH	100%	100%
	Etex Germany Exteriors GmbH	100%	100%
	Etex Holding GmbH	100%	100%
	Promat Service GmbH	100%	100%
	Wanit Fulgurit GmbH	100%	100%
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%
Ireland	Etex Ireland Limited	100%	100%
	Evolution Innovation Int'l Ltd	0%	60.00%
	Evolution Innovation Ltd	0%	60.00%
	Horizon Offsite Limited	0%	100%
	Tegral Holdings Ltd.	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%
Poland	Promat TOP Sp. z o.o.	100%	100%
	Siniat Polska Sp. z o.o.	100%	100%
	Siniat Sp. z o.o.	100%	100%
Portugal	EPISA SL	100%	100%
Romania	Etex Building Performance S.A.	100%	100%
Russia	Etex Russia	100%	100%
Serbia	Etex Building Performance doo	100%	100%
Slovenia	Promat d.o.o.	100%	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%
Switzerland	Etex Switzerland & Austria GmbH	100%	100%

		% equity interest	
		2020	2021
Ukraine	Siniat Gips ALC	100%	100%
	Siniat Gips Ukraine LLC	100%	100%
United Kingdom	Crucible Gypsum Recycling Ltd	100%	100%
	EM Holdings UK Ltd.	100%	100%
	Evolution Innovation UK Ltd	0%	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	0%	100%
	Sigmat Group 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%	51.00%
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 Uruguay S.A.	97.50%	97.50%
Africa, Asia, Oceania, North America			
Australia	Promat Australia Pty Ltd.	100%	100%
	Etex Australia Pty Ltd	0%	100%
China	Eternit Guangzhou Building Systems Ltd.	66.65%	66.65%
	Promat International (Asia Pacific) Ltd.	100%	100%
	Promat Shanghai Ltd.	100%	100%
India	Promat India	100%	100%
Indonesia	Etex BP Indonesia	94.93%	94.93%

		% equity interest	
		2020	2021
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	
		2020	2021
Argentina	EBS S.A.	50.00%	50.00%
Brazil	Tecverde Egenharia	45.14%	45.14%
Chili	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 30 – Subsequent events

In January 2022, Etex has signed an agreement to acquire thermal and acoustic insulation expert URSA for an agreed enterprise value of €960 million. 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 buildings' envelope as well as internal partitions and ceilings. URSA is present in more than 20 countries in Europe, including France, Germany, Spain, Poland and Russia. 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 for a revenue of circa €500 million.

This deal is subject to customary closing conditions. The 2021 consolidated accounts are not impacted by this acquisition.

The Group is closely monitoring the developments in Ukraine & Russia, with safety and well-being of all our teammates in the region being central. The current situation has considerably reduced visibility on the impact of these developments on our operations in the region. Direct financial exposure is limited with sales, REBITDA and total assets in Ukraine and Russia representing in total maximum 1% of Etex values for 2021.

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, 2021

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 4 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 2021, 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 3,225,662 and a profit for the year of EUR'000 198,418.

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 2021, 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.

FINANCIAL REPORT

Statutory auditor's report

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 19

Description of the key audit matter

As described in the Note 19, health claim provisions totalling mEUR 63.8 as at 31 December 2021 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 2021. 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 21

Description of the key audit matter

As described in Note 21, 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 2021 in respect of both funded and unfunded plans consists out of defined benefit obligations (mEUR 1,473) offset by plan assets (mEUR 1,181).

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.

FINANCIAL REPORT

Statutory auditor's report

Impairment testing of goodwill, intangible assets and property, plant and equipment – Note 7, 8 and 9

Description of the key audit matter

The carrying value of the Group's goodwill, intangible assets & property, plant and equipment amounts to mEUR 2,057 as at 31 December 2021.

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 8.

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.

Non consolidated accounts of Etex N.V.

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, 1 April 2022

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

Peter Van den Eynde
Réviseur d'Entreprises / Bedrijfsrevisor

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

<i>in thousands of EUR</i>	2020	2021
Fixed assets	1,712,761	2,055,332
Tangible and intangible assets	1,861	1,753
Financial assets	1,710,900	2,053,579
Current assets	41,457	32,413
TOTAL ASSETS	1,754,218	2,087,745
Capital and reserves	1,485,538	1,417,370
Capital	2,533	2,533
Share premium	743	743
Reserves	1,482,262	1,414,094
Provisions	7,657	15,732
Creditors	261,023	654,643
TOTAL EQUITY AND LIABILITIES	1,754,218	2,087,745

FINANCIAL REPORT

Non consolidated accounts of Etex N.V.

Summarised income statement

<i>in thousands of EUR</i>	2020	2021
Operating income	46,528	67,680
Operating charges	-47,044	-62,978
Operating result	-516	4,702
Financial result	471,758	-3,210
Profit / <loss> before taxes	471,242	1,492
Income taxes	172	-76
Profit / <loss> for the year	471,414	1,416
Release of tax free reserves	-	-
Profit / <loss> for the year to be appropriated	471,414	1,416

The financial result includes non-recurring items for €0 thousand in 2021, and €5,387 thousand in 2020.

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on 25 May 2022 a net dividend of €0.5880 per share. The proposed gross dividend is €0.84 per share.

Appropriation account

<i>in thousands of EUR</i>	2020	2021
Profit / <loss> to be appropriated	471,414	1,416
Profit / <loss> for the year to be appropriated	471,414	1,416
Appropriation of the result	471,414	1,416
Transfer to/from reserve	-413,427	68,168
Profit to be distributed	-57,986	-69,584

Statutory nominations

The mandate of Bernadette Spinoy will be proposed to be renewed at the General Shareholders' meeting on 25 May 2022. Having reached the age limit, Gustavo Oviedo has decided not to renew his mandate as Director of Etex. Consequently, it will be proposed to the Shareholders' meeting to appoint a new independent Director. In addition, Bernard Delvaux was temporarily appointed by the Board of Directors to carry out the remainder of the Director's mandate of Paul Van Oyen as from 1 January 2022. The appointment of BCCconseil SRL, with Bernard Delvaux as its permanent representative, as Director will be proposed during the General Shareholders' meeting in May 2022.

Glossary

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 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, dividend 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 settlement.

Operating income or EBIT (earnings before interest and taxes)

Income from operations, before financial charges and income, 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 amortization 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 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.

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