Condensed Consolidated **Interim Financial Statements**

Half year report – six months ended

30 June 2022

inspiring ways of living

2022 Half-Year Results

Highlights:

- **Strong revenue increase of 23.1% and REBITDA increase of 14.7% year-on-year**
- **Strong like-for-like revenue increase of 15.5% year-on-year, backed by selling price increases in order to face the significant raw material and energy price inflation. Like-for-like REBITDA increase of 8.6% year-on-year resulting from strong top-line increase and contained impact of inflation on overheads**
- **Significant increase in net recurring profit (Group share) at EUR 155 million (+16.5%)**
- **Increase in net financial debt to EUR 1,175 million mostly due to the acquisition of URSA**
- **Cautious outlook for FY 2022 in a challenging and uncertain macroeconomic context**

Comment from Bernard Delvaux, CEO of Etex: "In the first half of 2022, like many other industrial players, Etex had to cope with significant raw material and energy price inflation in the context of post-COVID disruptions and volatility and the war between Russia and Ukraine. To face this situation, we had to implement a number of price increases. Our volumes and margins have been impacted, but these measures allowed us to achieve a positive evolution of both top line and bottom line.

This challenging environment didn't stop us from making major strides on our strategic agenda. In May we completed the acquisition of URSA, the European leader in extruded polystyrene (XPS) and a top 3 player for glass mineral wool. URSA sits firmly at the forefront of global sustainability efforts, providing proven, workable solutions with the strongest sustainability performance overall compared to other insulation materials. In the first quarter of the year, we have accelerated our focus on our strategic shift towards sustainability, by setting up dedicated workstreams and defining clear ambitions for 2025-2030. Structured around our five priority areas (health, safety and well-being; decarbonisation; circularity; diversity, equity and inclusion; and customer engagement), these ambitions notably include the use of more than 20% of circular input as raw material, zero waste being sent to landfill, using 100% recycled packaging material or reducing our greenhouse gas emissions' intensity (scope 1 and 2) by 35% compared to 2018. These ambitions as well as the company's progress and achievements will be shared in detail in our second Sustainability Report, which will be published later this month.

We must however remain cautious when assessing the financial performance of Etex over the full year. The ongoing volatility in raw material markets, energy price increases and availability of energy and materials could increasingly impact our results, together with lower demand. All divisions will continue to proactively manage their cost-to-price performance which is key in the current high inflation context. We also believe that the potential adversity that we could face in the second half should only partially offset the strong performance recorded in the first half and allow Etex to still achieve growth for the full year."

Uplift of top-line and profitability backed by price increases in a tough environment

For the first six months of the year, Etex reports a revenue of EUR 1.794 billion, a like-for-like increase of 15.5% year-on year. This growth was recorded in all divisions and geographies and is mostly attributable to increased average selling prices. Several price increases have been implemented throughout the period in order to face the significant raw material and energy price inflation, which is the result of both post-COVID disruptions and volatility and the war between Russia and Ukraine. The positive scope impact (+6.5%) is attributable to several acquisitions (major plasterboard business in Australia, E-loft, Evolusion Innovation, Horizon Offsite, Sigmat and URSA). The remaining favourable impact on revenue (+1.1%) is attributable to a positive currency translation from all foreign currencies except the Chilean and Argentinian peso and the Polish złoty. Including the impact of the change of scope and currency exchange rates, the revenue was up 23.1% year-on-year.

The recurring operating cash flow (REBITDA) reached a value of EUR 346 million, a like-for-like increase of 8.6% year-on-year. This performance is mainly attributable to the strong top-line increase and the price increases implemented throughout the period. Despite these, the REBITDA margin was negatively impacted by significant raw material and energy price inflation. Overheads were contained in proportion to sales but increased in H1 2022 vs. H1 2021 due to the normalisation of the pandemic in most of our operational countries as well as to the inflation. The REBITDA margin stood at 19.3% of sales compared to 20.7% – its highest level ever – in the first half of 2021.

Etex's net recurring profit (Group share) was up by 16.5% year-on-year to EUR 155 million in the first half of 2022. The company's net profit reached EUR 134 million in H1 2022, up 25.7% year-on-year.

Over the last twelve months, **Etex's net financial debt strongly increased from EUR 214 million at the end of June 20211 to EUR 1,175 million at the end of June 2022**. This increase is mainly the result of several acquisitions which were made during the period (URSA in particular). The net financial debt/REBITDA (rolling 12 months, pro forma including URSA estimates for 12 months) ratio increased from 0.4 x at the end of June 20211 to 1.6 x at the end of June 2022. Including the non-recourse factoring debt, this ratio increased from 0.7x to 1.9x.

Revenue by geography and division

All divisions have achieved revenue growth in all **regions**, with the exception of the UK, Chile and Peru (Exteriors) as well as Asia (Industry and Building Performance's fibre cement business) except Japan and India.

Building Performance registered a like-for-like revenue increase of 16.0% year-on-year to reach EUR 1,225 million. Despite slightly lower plasterboard volumes, the division delivered excellent results in the first half of this year, benefitting from several price increases which were implemented in several phases throughout the period in order to face the significant raw material and energy price inflation. The fibre cement and Promat businesses performed well.

The revenue of our Exteriors division increased with 12.2% like-for-like year-on-year to EUR 369 million. The division delivered an excellent sales performance backed by volume growth in the Equitone segment and selling price increases. Growth has been particularly strong in Eastern Europe and the Benelux, whereas the UK, Peru and Chile were down year-on-year.

Our Industry division's revenue increased significantly with 20.6% like-for-like year-on-year to reach EUR 106 million. Having suffered a lot last year from the impact of the COVID-19 pandemic (especially in the AMEA region), the division benefitted from a strong sales upswing in all segments and from price increases.

The revenue of our New Ways division increased with 40.4% like-for-like year-on-year to EUR 45 million, with a good performance recorded by our EOS business (steel frame solutions) in the UK driven by growing volumes and prices. *New Ways revenues exclude our non-consolidated participations in several joint ventures*.

The Insulation division, which was created in May 2022 when Etex completed the acquisition of URSA (read more below), has contributed EUR 50 million to the revenue of Etex in the first half of the year – this contribution is included in the scope impact in the graphic above.

Key developments

At the beginning of the year, Etex has reached a major milestone on its strategic roadmap focusing on lightweight and more sustainable building solutions, with the **acquisition of URSA**. The company is a European leader in glass mineral wool and extruded polystyrene (XPS), present in more than 20 countries based on a network of 13 production operations. The operation signals our entry into the glass mineral wool and extruded polystyrene (XPS) insulation business, which is integrated as a separate division. Demand for insulation materials is being driven by EU regulations to tackle global warming. The acquisition has been completed at the end of May. Since then, URSA teammates have been warmly welcomed into the Etex group through several successful townhalls, roadshows and other events.

In June, Etex successfully finalised its **third Schuldschein issue, raising EUR 800 million**. It is Etex's first environmental, social and governance-linked Schuldschein issue and it represents the largest-ever ESG-linked Schuldschein issue by a non-German speaking company. A Schuldschein is a privately placed, medium to long-term unsecured debt governed by German law. The placement comprises three euro-denominated tranches with maturities of 3, 5 and 7 years, at fixed and floating rates. Despite the difficult geopolitical and challenging interest rate environment, the issue was oversubscribed several times. The proceeds of the Schuldschein will be used to finance a large portion of the acquisition of URSA. The balance of the acquisition will be financed through available cash and existing unused credit facilities.

Cautious outlook for FY 2022 in a challenging and uncertain macroeconomic context

Etex expects to experience a challenging second half of the year, due to a series of macroeconomic events whose impact are difficult to assess: the volatility in raw material markets, energy price increases and availability of energy and materials in the context of the current war between Russia and Ukraine and potential disruptions linked to new COVID-19 variants. These different elements could increasingly impact our results, together with lower demand. All divisions will continue to proactively manage their cost-to-price performance which is key in the current high inflation context. We also believe that the potential adversity that we could face in the second half should only partially offset the strong performance recorded in the first half should allow Etex to still achieve growth for the full year.

Later this month, Etex will release its **second Sustainability Report**, in line with the requirements of the Global Reporting Initiative (GRI), which will unveil its ambitious 'Road to Sustainability 2030' objectives. This major milestone confirms the group's strategic shift towards more sustainable building solutions.

Condensed consolidated interim financial statements

Condensed consolidated income statement

For the six months ended (in thousands of EUR)	**Notes**	**June 2021**	**June 2022**
Revenue	(1)	**1,456,705**	**1,793,840**
Cost of sales		-967,372	-1,240,577
Gross profit		**489,334**	**553,263**
Distribution expenses		-168,602	-190,570
Administrative and general expenses		-94,625	-104,040
Other operating charges & income		-9,100	-7,603
Operating income before non recurring items		**217,006**	**251,050**
Gain / (losses) on disposal of assets and businesses		-5,722	-
Other non recurring items	(2)	-29,236	-32,698
Operating income (EBIT)		**182,048**	**218,352**
Interest income	(3)	1,418	1,096
Interest expenses	(3)	-7,345	-11,608
Other financial income	(3)	5,231	15,943
Other financial expense	(3)	-7,387	-19,937
Share of profit in equity accounted investees		-375	-3,124
Share of profit from companies held for sale		-	38
Profit before income tax		**173,591**	**200,760**
Income tax expense	(4)	-66,649	-66,304
Profit for the year		**106,942**	**134,456**
Attributable to shareholders of Etex		103,390	129,284
Attributable to non-controlling interests		3,552	5,172
Earnings per (group) share (in euro)		1.32	1.65
Diluted earnings per (group) share (in euro)		1.32	1.65

Condensed consolidated statement of comprehensive income

For the six months ended (in thousands of EUR)	**June 2021**	**June 2022**
Profit for the year	**106,942**	**134,456**
Remeasurements in employee benefit obligations	-9,437	212,001
Income tax effect	*18,051*	*-49,967*
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**8,614**	**162,034**
Changes in cash flow hedge reserves	-817	58,990
Income tax effect	*50*	*-14,596*
Exchange differences on translation of foreign operations	2,519	32,082
Net other comprehensive income to be reclassified to income statement in subsequent periods	**1,751**	**76,476**
Other comprehensive income, net of tax	**10,365**	**238,510**
Total comprehensive income for the period, net of tax	**117,307**	**372,966**
Attributable to shareholders of Etex	112,832	364,753
Attributable to non-controlling interests	4,475	8,213

Condensed consolidated statement of financial position

At the end of the period (in thousands of EUR)	Notes	Dec. 2021	June 2022
Non-current assets		**2,216,630**	**3,238,718**
Property, plant and equipment		1,588,051	1,818,326
Property, plant and equipment - owned		*1,431,355*	*1,660,479*
Property, plant and equipment - leased		*156,696*	*157,848*
Goodwill	(5)	198,228	823,325
Other intangible assets		270,535	342,054
Investment properties		10,526	11,280
Assets held for sale		6,509	6,421
Investments in equity accounted investees		11,105	9,132
Other non-current assets	(6)	5,111	65,724
Deferred tax assets		112,025	117,572
Employee benefits assets	(13)	14,540	44,883
Current assets		**1,009,032**	**1,509,363**
Inventories	(8)	425,219	604,026
Trade and other receivables	(7)	339,995	551,122
Other current assets	(7)	41,318	52,799
Assets held for sale		-	86,921
Cash and cash equivalents		202,500	214,495
TOTAL ASSETS		**3,225,662**	**4,748,081**

Total equity	(10)	**1,414,102**	**1,748,105**
Issued share capital		*2,533*	*2,533*
Share premium		*743*	*743*
Reserves and retained earnings		*1,382,275*	*1,704,630*
Attributable to the equity shareholders of Etex		1,385,551	1,707,906
Non-controlling interests		28,551	40,199
Non-current liabilities		**827,320**	**1,707,667**
Provisions	(11)	118,308	109,863
Employee benefits liabilities	(13)	356,343	182,763
Loans and borrowings	(14)	256,851	1,217,470
of which leasing	(14)	*136,404*	*135,957*
Deferred tax liabilities		83,701	169,612
Other non-current liabilities		12,117	27,959
Current liabilities		**984,240**	**1,292,309**
Provisions	(11)	43,508	56,459
Current portion of loans and borrowings	(14)	200,762	224,974
of which leasing	(14)	*22,704*	*25,203*
Trade and other liabilities	(15)	739,970	929,155
Dividends payables	(10)	-	65,699
Liabilities held for sale		-	16,022
TOTAL EQUITY AND LIABILITIES		**3,225,662**	**4,748,081**

The June 2022 financial position, compared to December 2021, is significantly impacted by the URSA acquisition. More information is available in Note 5 - Goodwill and business combinations.

Condensed consolidated statement of cash flows

At the end of the period (In thousands of EUR)	Notes	June 2021	June 2022
Operating income (EBIT)		182,048	218,352
Depreciation, amortization and impairment losses - owned		73,390	85,552
Depreciation, amortization and impairment losses - leased assets		10,822	15,149
Losses (gains) on sale of intangible assets and property, plant and equipment		2,944	5,531
Losses (gains) on sale of businesses		5,722	-
Income tax paid		-59,750	-67,421
Changes in working capital, provisions and employee benefits		-115,370	-220,237
Changes in other non current assets/liabilities		-1,238	-744
Cash flow from operating activities		**98,568**	**36,182**
Proceeds from sale of intangible assets and property, plant and equipment		3,836	522
Acquisition of business		-268,416	-675,894
Disposal of business		10,875	-
Capital expenditure - owned		-29,499	-70,460
Other investing activities	(a)	-3,063	13
Cash flow from investing activities		**-286,267**	**-745,819**
Capital increase / (decrease)		1,228	530
Proceeds (repayment) of borrowings		13,681	648,585
Interest and dividend received		1,720	1,560
Dividend paid		-3,066	-3,786
Interest paid		-4,461	-7,726
Cash flow from financing activities		**9,102**	**639,163**
Net increase (decrease) in cash and cash equivalents		**-178,597**	**-70,474**

Cash and cash equivalents at the beginning of the year		390,010	201,110
Translation differences		11,304	12,519
Changes in the scope of consolidation		23,250	70,734
Net increase (decrease) in cash and cash equivalents		-178,597	-70,474
Net cash and cash equivalents at the end of the year		**245,967**	**213,890**
Cash and cash equivalents		*246,294*	*214,495*
Bank overdrafts		*-327*	*-605*

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

Condensed consolidated statement of changes in equity

Attributable to the equity holders of Etex (Note 10)

in thousands of EUR	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustments	Other reserves and retained earnings	Non-controlling interests	Total Equity
At December 31, 2021	**3,276**	**-19,988**	**-246,749**	**-379,744**	**2,028,757**	**28,551**	**1,414,102**
Total comprehensive income	-	-	206,429	29,040	129,284	8,213	372,966
Capital increase / (decrease)	-	-	-	-	-	530	530
Dividend	-	-	-	-	-65,658	-2,045	-67,703
Other equity movements	-	-	-	-	23,260	4,950	28,210
Treasury shares	-	-	-	-	-	-	-
At June 30, 2022	**3,276**	**-19,988**	**-40,320**	**-350,704**	**2,115,642**	**40,199**	**1,748,105**

Attributable to the equity holders of Etex (Note 10)

in thousands of EUR	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustments	Other reserves and retained earnings	Non-controlling interests	Total Equity
At December 31, 2020	**3,276**	**-19,988**	**-309,935**	**-373,560**	**1,870,585**	**30,157**	**1,200,534**
Total comprehensive income	-	-	7,847	1,595	103,449	4,475	117,366
Capital increase / (decrease)	-	-	-	-	-	1,228	1,228
Dividend	-	-	-	-	-54,715	-2,475	-57,190
Other equity movements	-	-	-	-	-12,315	861	-11,455
Treasury shares	-	-	-	-	-	-	-
At June 30, 2021	**3,276**	**-19,988**	**-302,089**	**-371,965**	**1,907,004**	**34,246**	**1,250,484**

Condensed clarification on the interim financial statements

Etex N.V. (the "Company") is a company domiciled in Belgium. The condensed consolidated interim financial statements ("interim 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 30 June each year.

These interim financial statements have been authorised for issue by the Board of Directors on 31 August 2022.

Statement of compliance

These interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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

- **Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022).**

The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

  - **Amendments to IFRS 3 Business Combinations** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16 Property, Plant and Equipment** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** specify which costs a company includes when assessing whether a contract will be loss-making.
  - **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

- **Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021 (effective 01/04/2021, with early application permitted).**

The amendments extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In particular, the amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).

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

Basis of preparation

Use of judgement, estimates and assumptions

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Operating segments

The Group has the following 5 strategic operating segments:

- Europe
- Latin America
- Australia
- Asia
- Africa

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

In thousands of EUR	**Europe**		**Latin America**		**Australia**		**Asia**	
	June 2022	**June 2021**	**June 2022**	**June 2021**	**June 2022**	**June 2021**	**June 2022**	**June 2021**
Revenue	1,310,548	1,087,542	245,315	198,493	99,190	59,330	54,732	48,635
Operating income before non recurring items (REBIT)	180,904	161,316	33,499	33,342	11,488	3,489	5,560	3,818
Depreciations, amortizations and impairment losses	65,324	61,202	12,929	9,773	6,925	4,437	4,099	3,732
Recurring operating cash flow (REBITDA)	**246,227**	**222,518**	**46,428**	**43,115**	**18,413**	**7,925**	**9,659**	**7,550**
Non recurring items	-20,529	-13,764	-1,264	-809	-106	-6,577	-17	-2
Operating segment income (EBIT)	**160,375**	**147,551**	**32,235**	**32,533**	**11,382**	**-3,089**	**5,543**	**3,815**
Capital expenditures	54,586	21,312	10,024	3,248	1,126	689	2,650	2,219

In thousands of EUR	Europe		Latin America		Australia		Asia	
	June 2022	**Dec. 2021**	**June 2022**	**Dec. 2021**	**June 2022**	**Dec. 2021**	**June 2022**	**Dec. 2021**
Segment assets	3,518,648	2,146,461	466,087	388,925	279,366	265,344	153,559	139,330
Segment Liabilities	1,377,015	1,167,253	129,001	112,736	53,783	52,950	29,353	29,076
Capital employed	2,668,024	1,603,705	280,027	224,464	233,983	217,084	114,380	108,420

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	June 2022	**June 2021**	**June 2022**	**June 2021**	**June 2022**	**June 2021**	**June 2022**	**June 2021**
Revenue	71,030	54,860	13,025	7,845	-	-	1,793,840	1,456,705
Operating income before non recurring items (REBIT)	23,849	16,624	1,391	120	-5,641	-1,702	251,050	217,006
Depreciations, amortizations and impairment losses	2,271	2,075	356	311	2,598	2,404	94,502	83,933
Recurring operating cash flow (REBITDA)	**26,120**	**18,699**	**1,747**	**431**	**-3,043**	**701**	**345,552**	**300,939**
Non recurring items	-1,664	-861	-	-	-9,118	-12,943	-32,698	-34,958
Operating segment income (EBIT)	**22,185**	**15,763**	**1,391**	**120**	**-14,759**	**-14,646**	**218,352**	**182,048**
Capital expenditures	-138	329	179	-	2,032	1,702	70,460	29,499

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	June 2022	**Dec. 2021**	**June 2022**	**Dec. 2021**	**June 2022**	**Dec. 2021**	**June 2022**	**Dec. 2021**
Segment assets	124,422	93,606	15,134	12,053	190,864	179,943	4,748,081	3,225,662
Segment Liabilities	45,804	25,920	2,591	3,101	1,362,428	420,524	2,999,976	1,811,560
Capital employed	62,108	44,462	9,374	5,565	71,230	62,760	3,439,126	2,266,459

The unallocated assets mainly relate to other assets and cash and cash equivalents. The unallocated liabilities mainly relate to financial debts, employee benefit liabilities and dividend payable (at June period end).

Explanatory notes

Note 1 – Revenue

Revenue by activity

In thousands of EUR	June 2021	June 2022
Building Performance	1,030,588	1,224,768
Exteriors	326,668	368,585
Industry	86,433	105,989
Insulation	-	49,497
New Ways	13,016	45,001
Total	**1,456,705**	**1,793,840**

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

The activities of Etex Group are not subject to significant seasonality throughout the year, when comparing the first semester with the second, and therefore no further disclosure per IAS34.21 is required. Over the last 3 years average sales in the first semester was good for +/- 47% to 49% of the total full year revenues thanks to the geographical spread of our businesses.

Note 2 – Non recurring items

In thousands of EUR	June 2021	June 2022
Gains / (losses) on disposal of businesses	-5,722	-
Total gains / (losses) on disposal of assets and businesses	**-5,722**	**-**
Restructuring costs	-5,861	-3,888
Health claims	-3,222	-1,610
Environmental remediation	-9,438	-11,084
Asset impairment	-279	-6,198
Others	-10,435	-9,918
Total other non recurring items	**-29,236**	**-32,697**
Non recurring items	**-34,958**	**-32,697**

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.

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.

Restructuring charges in 2022 and 2021 mainly relate to the closure of the Bègles plasterboard-paper mill, closed in 2021.

The impairment losses incurred in 2022 mainly relate to Ukrainian tangible assets & inventory which are completely impaired as a result of bombing of Etex operations in Bakmut.

The health claims charges reflect legal costs and 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 €9,918 thousand in 2022 and €10,435 thousand in 2021: most of this is resulting from one-off external advisors fees and stamp duties with respect to acquisitions in the year 2022 and 2021..

Note 3 – Finance income and expense

The interest expense increased because of an increasing net financial debt position due to the URSA acquisition.

The other financial income / expenses include:
- Upfront fee expenses for €378 thousand in 2022 (€431 thousand in 2021) in connection with external financial debt which are amortised over the duration of the loan.
- The impact of hyperinflation in Argentina in 2022 is €-6,533 thousand (€-2,733 thousand in 2021).
- The foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The net exchange gain in 2022, excluding the impact of hyperinflation from other financial expenses, 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.

Note 4 - Income tax expense

Income taxes, consisting of current and deferred tax, amounted to €-66,304 thousand in 2022 (€-66,649 thousand in 2021) representing an effective tax rate (based on profit before tax and before profit in equity accounted investees) of 32.5% in 2022 (38.3% in 2021). The high effective tax rate of 2021 reflects the impact of the change in the deferred tax rate in the United Kingdom. For both years the effective income tax rate is negatively impacted by the hyperinflation impact on deferred taxes in Argentina (4.1% in 2022 and 2.4% in 2021).

Note 5 – Goodwill and business combinations

5.1. Reconciliation of the carrying amount of goodwill

In thousands of EUR	**Dec. 2021**	**June 2022**
Gross book value	141,087	231,329
Accumulated impairment losses	-17,640	-33,101
Net book value at the beginning of the year	**123,447**	**198,228**
Additions through business combinations	104,410	623,407
Translation differences	-3,148	1,690
Impairment loss of the year	-26,481	-
Net book value at the end of the year	**198,228**	**823,325**
Gross book value	231,329	857,672
Accumulated impairment losses	-33,101	-34,347

The movements of the year are resulting on the one hand from an increase in the goodwill by €623,407 thousand coming from the URSA acquisition (see Note 8.2) and on the other hand from change in translation differences (€1,690 thousand), on the Australian goodwill mainly.

In 2021, the movements of the year were 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 and on the other hand there is the impairment cost of €-26,481 thousand on the e-Loft goodwill. The remaining is the result of translation (€-3,148 thousand), on the Australian goodwill mainly.

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

In thousands of EUR	**Dec. 2021**	**June 2022**
Insulation	-	623,407
Building Performance	117,459	119,962

New Ways	42,157	41,388
Industry	27,282	27,241
Exteriors	11,330	11,327
Total	**198,228**	**823,325**

5.2. Business combinations

In May 2022, Etex acquired 100% of the shares of URSA, a European leader in glass mineral wool and extruded polystyrene (XPS), present in more than 20 countries based on a network of 13 production operations, for a total consideration of €675,894 thousand.

In January 2021, Etex acquired 69.40% of the shares of e-Loft, a French offsite construction company offering innovative B2C and B2B solutions in three domains: modular single-family homes, modular multi-family residential complexes and custom-designed buildings using "3D wood" technology; for a total consideration of €26,263 thousand.

In February 2021, Etex acquired 100% of the shares of Knauf Plasterboard Pty Limited, a leading player in Australia's plasterboard market, and produces plasterboards, metal profiles, plasters, compounds and more at four state-of-the-art production facilities (plasterboard plants ins Victoria, New South Wales and Queensland (the last one also hosts a profile production facility); for a total consideration of €231,492 thousand.

In April 2021, Etex acquired 60% of the shares of Evolusion Innovation Group, an international multi-disciplinary engineering consultancy specialised in offsite construction with headquarters in Cork (Ireland); for a total consideration of €3,996 thousand.

In July 2021, Etex acquired 100% of the shares of Horizon Offsite, specialised in lightweight steel framing for buildings of up to five storeys, including residential structures, schools and hospitals, based in Cahir (Ireland); for a total consideration of €6,334 thousand.

In August 2021, Etex acquired 100% of the shares of Sigmat Group Ltd, the leading provider of light gauge steel framing (LGSF) in the UK, as well as one of the country's first fully integrated offsite construction companies; for a total consideration of €29,825 thousand.

The considerations paid of the acquisitions as detailed above were all in cash.

The acquisition cost (including duties) for the 2022 acquisition project amount to €7,753 thousand (€11,703 thousand in 2021).

The fair value of the identifiable assets and liabilities of the business acquired in 2022 and 2021 as at the date of acquisition are disclosed in the following table:

In thousands of EUR	**Australian plasterboard business**	**e-Loft**	**Evolusion Innovation Group**	**Horizon**	**Sigmat Group**	**2021**	**2022 URSA**
Non-current assets	**181,468**	**13,847**	**853**	**2,878**	**41,432**	**240,478**	**314,862**
Property, plant and equipment	127,154	5,998	456	654	8,621	142,883	209,714
Property, plant and equipment - owned	120,398	1,586	169	555	4,043	126,751	198,778
Property, plant and equipment - leased	6,756	4,412	287	99	4,578	16,132	10,936
Assets held for sale	-	-	-	-	-	-	56
Intangible assets	49,184	7,826	397	2,207	32,811	92,425	87,537
Other non-current assets	-	23	-	-	-	23	584
Deferred tax assets	5,130	-	-	17	-	5,147	16,960
Employee benefits assets	-	-	-	-	-	-	11
Current assets	**55,336**	**7,777**	**2,687**	**4,214**	**13,075**	**83,089**	**243,670**
Inventories	16,598	1,424	227	1,313	1,798	21,360	63,452
Trade and other receivables	19,170	5,818	1,041	1,009	6,749	33,787	38,490
Current financial assets	164	-	-	-	-	164	-
Assets held for sale	-	-	-	-	-	-	70,994
Cash and cash equivalents	19,404	535	1,419	1,892	4,528	27,778	70,734
TOTAL ASSETS	**236,804**	**21,624**	**3,540**	**7,092**	**54,507**	**323,567**	**558,532**

Non-current liabilities	**26,745**	**12,355**	**386**	**552**	**48,908**	**88,946**	**360,566**
Provisions	1,598	7	-	-	-	1,605	5,690
Employee benefits liabilities	1,800	-	-	-	-	1,800	4,453
Loans and borrowings	6,894	10,442	336	272	40,417	58,361	304,396
of which leasing	*6,893*	*4,412*	*287*	*272*	*3,716*	*15,580*	*10,965*
Deferred tax liabilities	16,453	1,906	50	263	8,491	27,163	29,858
Other non-current liabilities	-	-	-	17	-	17	16,169
Current liabilities	**18,135**	**9,581**	**796**	**2,667**	**8,794**	**39,973**	**145,477**
Current portion of loans and borrowings	-	-	-	-	-	-	8,421
Trade and other liabilities	18,135	9,581	796	2,667	8,794	39,973	125,356
Liabilities held for sale	-	-	-	-	-	-	11,700
TOTAL LIABILITIES	**44,880**	**21,936**	**1,182**	**3,219**	**57,702**	**128,919**	**506,043**
Net identifiable assets and liabilities	**191,924**	**-312**	**2,358**	**3,873**	**-3,195**	**194,648**	**52,489**
Group share	191,924	-217	1,415	3,873	-3,195	193,800	52,489
Non-controlling interests	-	-95	943	-	-	848	-
Acquisition price satisfied in cash (Group share)	**231,492**	**26,263**	**3,996**	**6,634**	**29,825**	**298,210**	**675,894**
Goodwill generated	39,568	26,481	2,580	2,761	33,021	104,410	623,407

The goodwill generated by the URSA acquisition is explained by the synergies expected from this transaction. The net assets recognised in the 30 June 2022 financial statements were based on a provisional assessment of their fair value while the Group is completing the independent valuation for the assets and liabilities owned by URSA which is not fully finalised by the date interim 2022 financial statements were approved for issue by the Board of Directors. As the valuation was not finalised, the disclosed goodwill for URSA acquisition is only provisional.

The revenue and net result group share contribution to the 2022 consolidated income statement of the acquired URSA businesses amount to respectively €49,497 thousand and €6,032 thousand.

The revenue and net result of the period (group share) of the combined entities acquired during 2022 as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period amount to respectively €291,256 thousand and €47,261 thousand.

5.3 Acquisitions on non-controlling interests

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 period end June 2022 the call/put option is measured at fair value and qualified as financial liability amounting to €4,378 thousand (€6,024 thousand in 2021). We also refer to Note 14 – Loans and borrowings.

5.4 Impairment testing of goodwill and capital employed

Impairment reviews were performed in 2022, by comparing the carrying value of capital employed including goodwill with the recoverable amount of the cash-generating unit to which goodwill has been allocated. There was no need for any additional impairment.

Etex management will closely monitor the impact of macro-economic evolution, including the potential impact of raw material and energy prices, the current war between Russia and Ukraine and potential disruptions linked to new COVID-19 variants.

Note 6 – Other non-current assets

The increase in Other non-current assets in June 2022 compared to December 2021 is mainly the result of the recognition of the fair value of two interest rate swap agreements. We also refer to Note 9 - Risk management and financial derivates.

Note 7 – Trade and other receivables and Other current assets

The increase in Trade and other receivables and Other current assets in June 2022 compared to December 2021 is due to on the one hand the revenue growth during the 6 months period ended June 2022 and on the other hand the result of the URSA acquisition, we refer to Note 5 - Goodwill and business combinations.

Note 8 – Inventories

The increase in Inventories in June 2022 compared to December 2021 is due to on the one hand an overall price effect and on the other hand the result of the URSA acquisition, we refer to Note 5 - Goodwill and business combinations.

Note 9 – Risk management and financial derivatives

Risk management

There are no material changes related to the risks and uncertainties for the Group as explained in the 2021 consolidated financial statements, except for the significant evolution in raw materials and energy price inflation.

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 30 June 2022 compared to 31 December 2021:

	Dec. 2021		**June 2022**	
In thousands of EUR	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Foreign exchange contracts				
Assets	365	365	1,881	1,881
Liabilities	-2,332	-2,332	-1,457	-1,457
Commodity contracts				
Assets	111	111	-	-
Interest rate swaps – (Level 2 fair value hierarchy)				
Assets	-	-	57,356	57,356
Total	**-1,856**	**-1,856**	**57,780**	**57,780**

The following table indicates in which caption of total comprehensive income, the changes in fair value of the derivative financial instruments outstanding at 30 June 2022, have been recognised:

	Profit for the year				
In thousands of EUR	**Cost of sales**	**Interest expense**	**Other financial income**	**Other financial charges**	**Other comprehensive income**
Foreign exchange contracts					
Assets	608	-	-	-	909
Liabilities	40	-	-	-	836
Commodity contracts					
Assets	-	-	-	-	-111
Interest rate swaps - (Level 2 fair value hierarchy)					
Assets	-	-	-	-	57,356
Total	**648**	**-**	**-**	**-**	**58,990**

Note 10 – Equity

Dividend

In June 2022, a total amount of €65,658 thousand was declared as dividends by the General Shareholders' Meeting of Etex N.V. (a gross dividend of €0.84 per share). The dividend has been accrued for in these interim financial statements and has been paid early July 2022.

In June 2021, a total amount of €54,715 thousand was declared as dividends by the General Shareholders' Meeting of Etex N.V. (a gross dividend of €0.70 per share). The dividend has been accrued for in June 2021 and was paid early July 2021.

Details changes in equity

in thousands of EUR	Issued share capital	Share premiums	Issued share capital and share premiums	Post employment benefits reserves	Financial instruments	Post employment benefits reserves and financial instruments
At December 31, 2021	**2,533**	**743**	**3,276**	**-245,674**	**-1,075**	**-246,749**
Total comprehensive income	-	-	-	162,034	44,394	206,429
At June 30, 2022	**2,533**	**743**	**3,276**	**-83,640**	**43,319**	**-40,320**

in thousands of EUR	Issued share capital	Share premiums	Issued share capital and share premiums	Post employment benefits reserves	Financial instruments	Post employment benefits reserves and financial instruments
At December 31, 2020	**2,533**	**743**	**3,276**	**-308,357**	**-1,578**	**-309,935**
Total comprehensive income	-	-	-	8,614	-768	7,847
At June 30, 2021	**2,533**	**743**	**3,276**	**-299,742**	**-2,346**	**-302,089**

Other equity movements

The 2022 Other equity movements of €28,210 thousand mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings; and changes in non-controlling interest in France.

The 2021 Other equity movements of €-11,455 thousand mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings; and the impact of the call/put option recognition linked to the e-Loft and Evolution Innovation Group acquisitions.

Note 11 – Provisions

In thousands of EUR	Warranty	Health claims	Litigation	Others	Total
At 31 December 2021	**32,012**	**63,842**	**9,032**	**56,930**	**161,816**
Additional provisions made	847	71	1,301	14,293	16,512
Amounts utilised during the year	-1,002	-2,356	-1,006	-12,956	-17,320
Unused amounts reversed	-	-	-303	-140	-443
Changes in the scope of consolidation	-	-	1,541	4,149	5,690
Translation differences	-	-28	79	16	67
At 30 June 2022	**31,857**	**61,529**	**10,644**	**62,292**	**166,322**
Non-current at the end of the period	27,218	57,035	8,718	16,892	109,863
Current at the end of the period	4,639	4,494	1,926	45,400	56,459

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.

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.

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 CO_2 emission rights, land decontamination and site restoration. Where requested, necessary expenses are made and provision for future estimated costs are set-up. At 30 June 2022, these provisions amount to €37,791 thousand (€32,946 thousand in 2021).

Restructuring provisions relate mainly to restructuring of companies in France.

Note 12 – Commitments and contingencies

No important changes occurred during the first 6 months of 2022 relating to commitments and contingencies which have been disclosed in the 2021 consolidated financial statements.

Note 13 – Employee benefits

For the measurement of its post-employment benefits as at June 30, 2022, the Group remeasured the calculations based on roll-forward procedures i.e. no detailed calculations per member of a plan. The discount rate and inflation rates used for all material countries have been updated and are based on the same methodology as at year-end 2021. All other assumptions among which the demographic assumptions are the same as year-end 2021.

Pension liabilities net of assets decreased from €341,803 thousand as of 31 December 2021 to €137,881 thousand at the end of June 2022. The decrease of the net liability is mainly driven by actuarial gains in the United Kingdom and European Union as a result of increased discount rates, partially offset by decreases in the pension fund asset values.

Note 14 – Loans and borrowings

In thousands of EUR	Dec. 2021	June 2022
Bank loans	113,243	1,067,661
Other financial loans	7,205	13,852
Obligations under leases	136,404	135,957
Total non-current financial liabilities	**256,852**	**1,217,470**

In thousands of EUR	Dec. 2021	June 2022
Bank loans	4,335	6,745
Bank overdrafts	1,390	605
Other financial loans	172,335	192,421
Obligations under leases	22,704	25,203
Total current financial liabilities	**200,764**	**224,974**

In October 2018, Etex signed the documentation for the refinancing of a €600 million Syndicated Credit Facility for a period of 5 years (extendable to 7 years) with a pool of 12 core banks. In 2020, the Syndicated Credit Facility was extended for an amount of €535 million till October 2025. That Syndicated Facility was drawn at €220 million per June 2022 (drawn at €0 million per end of 2021).

Etex also uses Schuldschein loans (outstanding from 2016 and a new issue in 2022) for a total amount of €824 million (€110 million in December 2021) and a Commercial Paper program of €300 million (increased from €200 million in the first 6 months of 2022), drawn at €154 million per June 2022 (€137.3 million per end of 2021). The increase of these two loan facilities is the result of URSA acquisition made in 2022.

In 2022, 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 June 2022, €200 million were financed through that program, out of which €165.7 million was eligible for trade receivables derecognition. Within the URSA scope of acquired companies, a total non-recourse factoring program is running for an additional non-recourse factoring financing of €46 million, derecognized from the trade receivables.

Transaction costs on the Syndicated Loan of 2018 and on the new Schuldschein Loan of 2022 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 June 2022 amounts to €3,394 thousand (€1,204 thousand at the end of 2021).

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 June 2022 the call/put option is measured at fair value and qualified as financial liability amounting to €4,378 thousand (€6,024 thousand at the end of 2021).

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 €47.4 million at June 2022 (€12.4 million end of 2021), for which the increase is mainly located in Nigeria.

Fair values of the loans and borrowings as explained above approximate their carrying amounts.

Net financial debt

The net financial debt position is calculated as follows:

In thousands of EUR	2021	2022
Non-current loans and borrowings	256,851	1,217,470
Current portion of loans and borrowings	200,762	224,974
Current financial assets	-41,316	-52,799
Cash and cash equivalents	-202,500	-214,495
Net financial debt	**213,797**	**1,175,150**

Note 15 – Trade and other liabilities

The increase in Trade and other liabilities in June 2022 compared to December 2021 is due to on the one hand general inflation impacts and on the other hand the result of the URSA acquisition, we refer to Note 5 - Goodwill and business combinations.

Note 16 – 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. The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended 31 December 2021 and hence no updated information is included in these interim financial statements.

The remuneration of the members of the Board of Directors and Executive Committee is determined on an annual basis, for which reason no further details are included in these interim financial statements.

Note 17 – Subsequent events

No subsequent events occurred which could have a significant impact on the interim financial statements of the group per 30 June 2022.

Statutory auditor's report on review of condensed consolidated interim financial statements for the period ended 30 June 2022

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Etex NV and its subsidiaries as of 30 June 2022 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Antwerp, 1 September 2022

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

Peter Van den Eynde