Condensed Consolidated **Interim Financial Statements.**

Half-Year Report - Six months ended.

30 June 2023.

inspiring ways of living

2023 Half-Year Results

Highlights:

- **Significant revenue increase of 12.4% to EUR 2,015 million year-on-year (4.2% like-for-like1) backed by pricing in order to face the significant continued energy price and raw material inflation.**
- **Strong REBITDA increase of 14.9% to EUR 397 million year-on-year (7.2% like-for-like1) due to robust margins despite costs inflation.**
- **Substantial increase in net recurring profit (Group share) of 11.8% to EUR 174 million.**
- **Slight decrease in net financial debt to EUR 1,140 million, outcome of strong cash generation over the last 12 months, offset partially by recent strategic acquisitions.**
- **Cautious outlook and responsive approach for the rest of 2023 in an uncertain environment. Volume slowdown expected in most European countries.**

Comment from Bernard Delvaux, CEO of Etex: "In the first half of 2023, Etex coped with an overall slowdown of the construction sector – both in new build and renovation – triggered by several elements leading to high volatility and uncertainty such as inflation that puts pressure on consumers' buying power, higher interest rates and more restricted loan policies by banks. However, Etex managed to record improved sales compared to the first half of 2022 through swift adaptations to challenging market contexts and cost-to-price monitoring. While our volumes are slightly impacted, margins remain strong.

This challenging environment did not stop us from making further progress on our strategic agenda to be the most innovative and sustainable global building material manufacturer. We completed significant acquisitions to support our position, and we identified clear growth paths for all our technologies, both organically and through new potential acquisitions. We are also making major progress on our sustainability journey and published our first-ever combined annual report presenting on an equal footing our economic, social and environmental footprint and performance.

For the rest of 2023, we will stay attentive and responsive on a month-per-month, country-by-country and product-by-product basis, to navigate the current uncertainty and likely continued market slowdown, particularly in Europe. We also see potential opportunities to grow across technologies and sustain our growth with a REBITDA margin expected to stay strong. These elements combined should help Etex keep delivering good results and help building living spaces that are ever safer, more sustainable, smart and beautiful."

Uplift of top-line and profitability backed by price increases in volatile markets

For the first six months of the year, Etex reported a revenue of EUR 2,015 million, an increase of 12.4% year-on year. Next to the impact of URSA's acquisition last year, this growth is mostly attributable to increased average selling prices to face the significant and continued energy and raw material price inflation.

The recurring operating cash flow (REBITDA) reached a value of EUR 397 million, a year-on-year increase of 14.9%. This performance is mainly attributable to the strong top-line increase and the price increases implemented throughout the first semester. The REBITDA margin stood at an improved 19.7% of sales compared to 19.3% in the first half of 2022.

Etex's net recurring profit (Group share) was up again, this time by 11.8% year-on-year to EUR 174 million. The company's net profit reached EUR 198 million in the first half of 2023, up 46.8% year-on-year.

Over the last twelve months, **Etex's net financial debt slightly decreased from EUR 1,175 million at the end of June 2022 to EUR 1,140 million at the end of June 2023**. This was possible thanks to a positive cash generation over the second half of 2022 and during the first six months of 2023, partially offset by the amounts of recent strategic acquisitions in May and June 2023, representing about a EUR 220 million increase in net debt. The net financial debt/REBITDA remains unchanged at 1.6x at the end of June 2023 compared to the same period in 2022.

Revenue by geography and division

Three of the five divisions (Building Performance, New Ways and Insulation) achieved r like-for-like revenue growth, mainly in Europe and in Australia, with the two remaining divisions (Exteriors and Industry) recording decreases.

The Building Performance division, specialising in plasterboard and fibre cement boards, registered a like-for-like[1] revenue increase of 9.3% year-on-year to reach EUR 1,283 million. Despite slightly lower plasterboard volumes overall, the division delivered excellent sales in the first half of this year, benefitting from several price increases implemented in several phases throughout the period.

The Exteriors division, which focuses on fibre cement exterior solutions, decreased by 10.5% like-for- like[1] year-on-year to EUR 319 million. This is explained by lower volumes across the division's categories.

The revenue of Etex's Industry division, centered around fire protection and high performance insulation, decreased slightly by 4.6% like-for-like[1] year-on-year to reach EUR 114 million. This is explained by lower volumes across the division's categories.

The Insulation division, which was created in May 2022 when Etex completed the acquisition of glass mineral wool and extruded polystyrene (XPS) manufacturer URSA, has contributed EUR 262 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.

The revenue of the New Ways division, based on high-tech offsite solutions, increased by 2.4% like-for- like[1] year-on-year to EUR 37 million, with a good performance recorded by Sigmat, a UK market leader in light gauge steel framing. *New Ways' revenues exclude non-consolidated participations in several joint ventures, which have all been divested by the end of the first quarter of 2023.*

Key developments

On the **mergers, acquisitions and divestments** side, the first six months of 2023 saw several important changes:

- Within New Ways, the offsite construction manufacturing division, Etex finalised the **divestment in its four joint venture companies in Latin America**: E2E (Chile), Tecverde (Brazil), Icon Plus (Argentina) and Icon Plus (Ecuador). Following a decision by the commercial court of Saint-Brieuc (Brittany, France) in June, **e-Loft is in liquidation**. Etex is prioritising two-dimensional (2D) offsite systems and solutions, which show high potential.

- In early May, Etex completed the **acquisition of Skamol**, a leading Danish manufacturer of fire protection and specialty insulation materials. This new acquisition further consolidates Etex's portfolio of sustainable solutions in a market that is strongly supported by the need for energy efficient insulation products and solutions. Skamol and Etex are complementary in terms of products and geographies, allowing the combined organisations to broaden their offering in high-temperature insulation for building and industrial applications.

- In late June, Etex, **acquired Superglass**, a top three player in the United Kingdom and Ireland in the growing glass mineral wool insulation market. Through this deal, Etex expands its already strong activities in the UK and complements the extensive European sales and production network of its Insulation division where it is already active with URSA.

In April, Etex released its **first-ever combined annual report**. In this report, the company presents on an equal footing its economic, social and environmental footprint and performance. The document highlights how Etex brought sustainable answers to the urgent challenges of 2022. Sustainability milestones include a decrease of almost 20% of absolute CO_2 emissions (scopes 1 and 2) and 26.5% less waste sent to landfill in the past five years.

More recently, in August, Etex completed its **full exit from Russia** by divesting its only two sites in the country. These sites were part of the original URSA footprint acquired a few weeks before the invasion took place. Russian activities accounted for less than 2% of Etex's overall operations. Since the Russian invasion of Ukraine, Etex had been looking at all options to fully exit Russia, taking into account all aspects, including teammates working in the country. As soon as the invasion started in early 2022, Etex put all its Russian activities on a standalone basis with no contact with local management or financial transaction. It also stopped its small export of fibre cement products in the country, in line with the applicable sanction regulations. Etex has fully supported its 250 Ukrainian teammates and their families and is actively preparing to help rebuild Ukraine as soon as it is possible and safe to do so.

Cautious outlook and responsive approach for the rest of 2023 in an uncertain environment

Similar to the past months, Etex expects to experience a challenging rest of the year, due to a series of macroeconomic events whose full impact and developments remain difficult to assess: high inflation and interest rates, volatility in raw material markets, continued energy price increases, and a further slowdown in the construction sector. A volume slowdown is expected in most European countries. These elements can significantly impact Etex's results. All sites, countries and divisions will continue to proactively manage their cost-to-price performance. However, like last year, the strong performance for the first six months of 2023 should allow Etex to still achieve growth for the full year.

Condensed consolidated interim financial statements

Condensed consolidated income statement

For the six months ended (in thousands of EUR)	Notes	June 2022	June 2023
Revenue	(1)	**1,793,840**	**2,015,391**
Cost of sales		-1,240,577	-1,383,332
Gross profit		**553,263**	**632,058**
Distribution expenses		-190,570	-225,956
Administrative and general expenses		-104,040	-108,344
Other operating charges & income		-7,603	-13,570
Operating income before non-recurring items		**251,050**	**284,188**
Other non-recurring items	(2)	-32,698	-34,195
Operating income (EBIT)		**218,352**	**249,993**
Interest income	(3)	1,096	13,661
Interest expenses	(3)	-11,608	-32,490
Other financial income	(3)	15,943	88,492
Other financial expense	(3)	-19,937	-31,846
Share of profit in equity accounted investees		-3,124	422
Share of profit from companies held for sale		38	5,871
Non-recurring items specific to equity accounted investees		-	-497
Profit before income tax		**200,760**	**293,607**
Income tax expense	(4)	-66,304	-89,942
Profit for the year		**134,456**	**203,665**
Attributable to shareholders of Etex		129,284	200,081
Attributable to non-controlling interests		5,172	3,584
Earnings per (group) share (in euro)		1.65	2.56
Diluted earnings per (group) share (in euro)		1.65	2.56

Condensed consolidated statement of comprehensive income

For the six months ended (in thousands of EUR)	June 2022	June 2023
Profit for the year	**134,456**	**203,665**
Remeasurements in employee benefit obligations	212,001	-13,225
Income tax effect	*-49,967*	*3,193*
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**162,034**	**-10,033**
Changes in cash flow hedge reserves	58,990	-78,933
Income tax effect	*-14,596*	*19,704*
Exchange differences on translation of foreign operations	32,082	-28,177
Net other comprehensive income to be reclassified to income statement in subsequent periods	**76,476**	**-87,406**
Other comprehensive income, net of tax	**238,510**	**-97,438**
Total comprehensive income for the period, net of tax	**372,966**	**106,227**
Attributable to shareholders of Etex	364,753	110,853
Attributable to non-controlling interests	8,213	-4,626

Condensed consolidated statement of financial position

At the end of the period (in thousands of EUR)	Notes	Dec. 2022 (*)	June 2023
Non-current assets		**3,297,581**	**3,442,915**
Property, plant and equipment		1,929,127	2,020,281
Property, plant and equipment - owned		*1,781,514*	*1,869,042*
Property, plant and equipment - leased		*147,613*	*151,239*
Goodwill (*)	(5)	682,032	812,755
Other intangible assets		411,263	395,263
Investment properties		12,234	12,179
Assets held for sale		5,213	5,233
Investments in equity accounted investees		6,140	6,422
Other non-current assets	(6)	114,268	54,493
Deferred tax assets		98,403	107,643
Employee benefits assets	(11)	38,901	28,646
Current assets		**1,317,601**	**1,474,490**
Inventories		514,031	583,495
Trade and other receivables		430,956	488,413
Other current assets		81,452	88,066
Assets held for sale (*)		85,127	76,956
Cash and cash equivalents		206,038	237,560
TOTAL ASSETS		**4,615,182**	**4,917,405**
Total equity	(8)	**1,809,510**	**1,877,938**
Issued share capital		*2,533*	*2,533*
Share premium		*743*	*743*
Reserves and retained earnings (*)		*1,770,902*	*1,844,033*
Attributable to the equity shareholders of Etex (*)		1,774,178	1,847,309
Non-controlling interests		35,332	30,629
Non-current liabilities		**1,573,979**	**1,623,150**
Provisions	(9)	120,052	105,820
Employee benefits liabilities	(11)	159,858	160,993
Loans and borrowings	(12)	1,072,297	1,141,178
of which leasing	(12)	*124,900*	*129,271*
Deferred tax liabilities		208,680	196,230
Other non-current liabilities		13,092	18,929
Current liabilities		**1,231,693**	**1,416,317**
Provisions	(9)	39,337	51,518
Current portion of loans and borrowings	(12)	246,617	324,713
of which leasing	(12)	*26,525*	*27,352*
Trade and other liabilities		936,845	960,008
Dividends payables	(8)	-	72,734
Liabilities held for sale		8,894	7,344
TOTAL EQUITY AND LIABILITIES		**4,615,182**	**4,917,405**

(*) The year-end 2022 financial position has been restated as a result of the final purchase price allocation exercise linked to the URSA acquisition. Based on the final valuation exercise the 'Goodwill' increased by €19,400 thousand, lowering the current 'Assets held for sale' for €-17,000 thousand. Within the equity there is an impact on 'Cumulative translation adjustments' of €2,400 thousand.

Condensed consolidated statement of cash flows

At the end of the period (In thousands of EUR)	**Notes**	**June 2022**	**June 2023**
Operating income (EBIT)		218,352	249,993
Depreciation, amortization and impairment losses - owned		85,552	97,366
Depreciation, amortization and impairment losses - leased assets		15,149	15,267
Losses (gains) on sale of intangible assets and property, plant and equipment		5,531	10,166
Income tax paid		-67,421	-96,910
Changes in working capital, provisions and employee benefits		-220,237	-78,505
Changes in other non-current assets/liabilities		-744	362
Cash flow from operating activities		**36,182**	**197,739**
Proceeds from sale of intangible assets and property, plant and equipment		522	385
Acquisition of business		-675,894	-172,740
Cash and cash equivalent scope-in impact of acquired business		70,734	19,457
Capital expenditure - owned		-70,460	-106,791
Other investing activities [a]		13	55,260
Cash flow from investing activities		**-675,085**	**-204,429**
Capital increase / (decrease)		530	-
Proceeds of borrowings		864,391	133,557
Repayment of borrowings		-215,806	-93,466
Interest and dividend received		1,560	14,022
Dividend paid		-3,786	-1,473
Interest paid		-7,726	-28,616
Cash flow from financing activities		**639,163**	**24,024**
Net increase (decrease) in cash and cash equivalents		**260**	**17,334**
Cash and cash equivalents at the beginning of the year		201,110	201,300
Translation differences		12,519	15,096
Net increase (decrease) in cash and cash equivalents		260	17,334
Net cash and cash equivalents at the end of the year		**213,890**	**233,730**
Cash and cash equivalents		*214,217*	*237,560*
Bank overdrafts		*-327*	*-3,830*

[a] 'Other investing activities' in 2023 mainly include the unwinding impact of one of our interest rate swap agreements (€55,200 thousands). We also refer to Note 3 – Finance income and expense.

Condensed consolidated statement of changes in equity

Attributable to the equity holders of Etex (Note 8)

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, 2022	**3,276**	**-19,988**	**10,158**	**-438,878**	**2,219,610**	**35,332**	**1,809,510**
Total comprehensive income	-	-	-69,262	-19,967	200,082	-4,626	106,227
Capital increase / (decrease)	-	-	-	-	-	-	-
Dividend	-	-	-	-	-72,693	-144	-72,837
Other equity movements	-	-	-	-	34,970	67	35,037
Treasury shares	-	-	-	-	-	-	-
At June 30, 2023	**3,276**	**-19,988**	**-59,104**	**-458,845**	**2,381,970**	**30,629**	**1,877,938**

Attributable to the equity holders of Etex (Note 8)

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**

(*) The year-end 2022 financial position has been restated as a result of the final purchase price allocation exercise linked to the URSA acquisition. Based on the final valuation exercise the 'Goodwill' increased by €19,400 thousand, lowering the current 'Assets held for sale' for €-17,000 thousand. Within the equity there is an impact on 'Cumulative translation adjustments' of €2,400 thousand.

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 2023.

Statement of compliance

These interim financial statements for the six months ended 30 June 2023 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 2022 ('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 2023. The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2023 and 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. The EU regulation provides an optional exemption from applying the annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss. Entities making use of the exemption are not applying IFRSs as issued by the IASB and need to disclose the fact.

- **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 but immediate application permitted)**.

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

- **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective 1 January 2023).**

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The 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 and 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 2023 and 2022. Information related to each reportable segment is set out below.

In thousands of EUR	**Europe**		**Latin America**		**Australia**		**Asia**	
	June 2023	**June 2022**	**June 2023**	**June 2022**	**June 2023**	**June 2022**	**June 2023**	**June 2022**
Revenue	1,547,599	1,310,548	236,858	245,315	107,568	99,190	52,673	54,732
Operating income before non-recurring items (REBIT)	220,558	180,904	28,759	33,499	11,511	11,488	6,551	5,560
Depreciations, amortizations and impairment losses	86,308	65,324	10,096	12,929	6,972	6,925	3,947	4,099
Recurring operating cash flow (REBITDA)	**306,866**	**246,227**	**38,855**	**46,428**	**18,483**	**18,413**	**10,498**	**9,659**
Non-recurring items	-25,707	-20,529	-1,476	-1,264	-	-106	-541	-17
Operating segment income (EBIT)	**194,851**	**160,375**	**27,283**	**32,235**	**11,511**	**11,382**	**6,010**	**5,543**
Capital expenditures	76,269	54,586	12,287	10,024	928	1,126	1,030	2,650

In thousands of EUR	Europe		Latin America		Australia		Asia	
	June 2023	**Dec. 2022**	**June 2023**	**Dec. 2022**	**June 2023**	**Dec. 2022**	**June 2023**	**Dec. 2022**
Segment assets	3,646,086	3,320,973	519,898	453,603	252,142	257,784	145,754	138,559
Segment Liabilities	1,385,524	1,381,508	131,964	110,024	56,204	49,564	25,018	26,013
Capital employed	2,904,738	2,511,136	280,302	261,685	207,369	222,376	97,737	99,644

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	June 2023	**June 2022**	**June 2023**	**June 2022**	**June 2023**	**June 2022**	**June 2023**	**June 2022**
Revenue	58,129	71,030	12,564	13,025	-	-	2,015,391	1,793,840
Operating income before non-recurring items (REBIT)	16,602	23,849	854	1,391	-646	-5,641	284,189	251,050
Depreciations, amortizations and impairment losses	2,015	2,271	333	356	2,961	2,598	112,633	94,502
Recurring operating cash flow (REBITDA)	**18,617**	**26,120**	**1,187**	**1,747**	**2,316**	**-3,043**	**396,822**	**345,552**
Non-recurring items	-548	-1,664	-	-	-5,924	-9,118	-34,195	-32,698
Operating segment income (EBIT)	**16,054**	**22,185**	**854**	**1,391**	**-6,569**	**-14,759**	**249,993**	**218,352**
Capital expenditures	11,646	-138	315	179	4,317	2,032	106,791	70,460

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	June 2023	**Dec. 2022**	**June 2023**	**Dec. 2022**	**June 2023**	**Dec. 2022**	**June 2023**	**Dec. 2022**
Segment assets	97,902	147,787	15,079	14,462	240,545	282,014	4,917,405	4,615,182
Segment Liabilities	43,102	82,122	1,952	1,744	1,395,703	1,154,697	3,039,467	2,805,672
Capital employed	42,764	63,837	12,256	9,906	102,241	120,021	3,647,409	3,288,605

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 2022	June 2023
Building Performance	1,224,768	1,283,291
Exteriors	368,585	318,567
Insulation	49,497	261,972
Industry	105,989	114,286
New Ways	45,001	37,275
Total	**1,793,840**	**2,015,391**

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 compared 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 +/- 49% to 50% of the total full year revenues thanks to the geographical spread of our businesses.

Note 2 – Non-recurring items

In thousands of EUR	June 2022	June 2023
Restructuring costs	-3,888	-13,519
Health claims	-1,610	-2,442
Environmental remediation	-11,084	-8,940
Asset impairment	-6,198	-
Others	-9,918	-9,294
Total other non-recurring items	**-32,698**	**-34,195**
Non-recurring items	**-32,698**	**-34,195**

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.

Restructuring charges in 2023 mainly relates to the closure of the Meldreth plant (UK) and related redundancies and restoration, as well as reorganization within Building Performance division. Restructuring charges in 2022 mainly relate to the closure of the Bègles plasterboard-paper mill, closed in 2021.

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.

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.

Other non-recurring charges amount to €9,294 thousand in 2023 and are mainly incurred in the context of discontinued operation in France (e-Loft) and from one-off external advisors' fees and stamp duties with respect to acquisitions. In 2022, (€9,918 thousand) most of this is resulting from one-off external advisors' fees and stamp duties with respect to acquisitions.

Note 3 – Finance income and expense

The interest income increased as a result of increased short term interest rates. The interest expense increased because of a higher financial debt position due to the current and prior year business acquisitions.

The other financial income / expenses include:

- The unwinding impact of one of our interest rate swap agreements (€55,200 thousand).
- Upfront fee expenses for €565 thousand in 2023 (€378 thousand in 2022) in connection with external financial debt which are amortised over the duration of the loan.
- The impact of hyperinflation in Argentina in 2023 is €-11,876 thousand (€-6,533 thousand in 2022).
- The foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The net exchange gain in 2023, 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 €-89,942 thousand in 2023 (€-66,304 thousand in 2022) representing an effective tax rate (based on profit before tax and before profit in equity accounted investees) of 31.3% in 2023 (32.5% in 2022). The effective tax rate in both periods is negatively impacted by the hyperinflation entries in Argentina affecting negatively profit before taxes and income (deferred) taxes (without hyperinflation, effective tax rates would be improved by 4.0% in 2023 and 4.1% in 2022).

Note 5 – Goodwill and business combinations

5.1. Reconciliation of the carrying amount of goodwill

In thousands of EUR	**Dec. 2022**	**June 2023**
Gross book value	231,329	715,401
Accumulated impairment losses	-33,101	-33,369
Net book value at the beginning of the year	**198,228**	**682,032**
Additions through business combinations	486,696	126,052
Translation differences	-2,892	4,671
Net book value at the end of the year	**682,032**	**812,755**
Gross book value	715,401	819,102
Accumulated impairment losses	-33,369	-6,347

The movements of the year are resulting on the one hand from an increase in the goodwill by €126,052 thousand coming from the 2023 acquisitions (see Note 5.2) and on the other hand from change in translation differences (€4,672 thousand), on the Polish URSA goodwill mainly.

In 2022, the movements of the year were resulting on the one hand by an increase of the final goodwill by €486,696 thousand from the URSA acquisition (including €19,400 thousand correction based on final valuation) and on the other hand from change in translation differences (€2,892 thousand), on the Australian goodwill mainly.

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

In thousands of EUR	**Dec. 2022**	**June 2023**
Insulation	485,080	544,473
Building Performance	118,223	117,317
Industry	27,179	98,263
New Ways	40,220	41,385
Exteriors	11,330	11,317
Total	**682,032**	**812,755**

5.2. Business combinations

In the first half year of 2023, Etex completed 3 acquisition projects for a total consideration of €177,740 by acquiring a 100% in:

- Skamol, a leading Danish manufacturer of fire protection and speciality insulation products and solutions for a wide range of applications within building and industry. Founded in 1912 and headquartered in Aarhus, Denmark, Skamol operates four facilities: three in Denmark and one in Poland. With more than 300 employees, its activities span across the world.
- Superglass, a top three player in the United Kingdom and Ireland in the growing glass mineral wool insulation market. With 200 employees, it operates a factory in Stirling, Scotland.
- Betacon, a Romanian company to secure raw material supply for plasterboard activities in Romania.

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.

The consideration paid of the acquisitions as detailed above were all in cash. The acquisition cost (including duties) for the 2023 acquisition project amount to €2,393 thousand (€9,032 thousand in 2022). The fair value of the identifiable assets and liabilities of the business acquired in 2023 and 2022 as at the date of acquisition are disclosed in the following table:

In thousands of EUR	**2022 URSA**	**2023**
Non-current assets	**452,726**	**83,407**
Property, plant and equipment	260,209	78,406
Property, plant and equipment - owned	249,273	70,081
Property, plant and equipment - leased	10,936	8,325
Assets held for sale	56	-
Intangible assets	174,886	4,842
Other non-current assets	604	9
Deferred tax assets	16,960	150
Employee benefits assets	11	-
Current assets	**267,617**	**65,709**
Inventories	66,202	18,582
Trade and other receivables	38,490	27,670
Current financial assets	597	-
Assets held for sale	91,594	-
Cash and cash equivalents	70,734	19,457
TOTAL ASSETS	**720,343**	**149,116**
Non-current liabilities	**378,988**	**18,020**
Provisions	5,690	-
Employee benefits liabilities	4,453	161
Loans and borrowings	298,281	14,368
of which leasing	*10,936*	*6,832*
Deferred tax liabilities	67,579	3,167
Other non-current liabilities	2,985	324
Current liabilities	**152,157**	**84,408**
Current portion of loans and borrowings	15,144	51,111
Trade and other liabilities	125,313	33,297
Liabilities held for sale	11,700	-
TOTAL LIABILITIES	**531,145**	**102,428**
Net identifiable assets and liabilities	**189,198**	**46,688**
Group share	189,198	46,687
Acquisition price satisfied in cash (Group share)	**675,894**	**172,740**
Goodwill generated	486,696	126,052

The goodwill generated by the 2023 acquisitions is explained by the synergies expected from these transactions. The net assets recognised in the 30 June 2023 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 which is not fully finalised by the date interim 2023 financial statements were approved for issue by the Board of Directors. As the valuation was not finalised, the disclosed goodwill for the 2023 acquisitions is only provisional.

The revenue and net result group share contribution to the 2023 consolidated income statement of the acquired businesses amount to respectively €13,716 thousand and €192 thousand.

The revenue and net result of the period (group share) of the combined entities acquired during 2023 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 €90,814 thousand and €5,445 thousand.

5.3 Acquisitions on non-controlling interests

Within the share purchase agreement of the acquisition project Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At period end June 2023 the call/put option is measured at fair value and qualified as financial liability amounting to €5,242 thousand (€3,791 thousand in 2022). We also refer to Note 12 – Loans and borrowings.

5.4 Impairment testing of goodwill and capital employed

Impairment reviews were performed in 2023, 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 decrease in Other non-current assets in June 2023 compared to December 2022 is mainly the result of the unwinding of one of the two interest rate swap agreements. We also refer to Note 7 - Risk management and financial derivates.

Note 7 – 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 2022 consolidated financial statements.

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 2023 compared to 31 December 2022:

	Dec. 2022		**June 2023**	
In thousands of EUR	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Foreign exchange contracts				
Assets	1,514	1,514	470	470
Liabilities	-650	-650	-3,660	-3,660
Commodity contracts (Level 2 fair value hierarchy)				
Liabilities	-	-	-8,956	-8,956
Interest rate swaps (Level 2 fair value hierarchy)				
Assets	125,365	125,365	58,835	58,835
Total	**126,228**	**126,228**	**46,689**	**46,689**

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 2023, 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	-36	-	-	-	-1,008
Liabilities	-710	-	-	-	-2,439
Commodity contracts					
Liabilities	-	-	-	-	-8,956
Interest rate swaps					
Assets	-	-	-	-	-66,530
Total	**-746**	**-**	**-**	**-**	**-78,933**

Next to the other financial income of €55,200 thousand, the unwinding of one of our interest rate swaps also creates a recycling effect in Other comprehensive income.

Note 8 – Equity

Dividend

In June 2023, a total amount of €72,693 thousand was declared as dividends by the General Shareholders' Meeting of Etex N.V. (a gross dividend of €0.93 per share). The dividend has been accrued for in these interim financial statements and has been paid early July 2023.

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 June 2022 and was paid early July 2022.

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, 2022	**2,533**	**743**	**3,276**	**-84,924**	**95,083**	**10,158**
Total comprehensive income	-	-	-	-10,033	-59,229	-69,262
At June 30, 2023	**2,533**	**743**	**3,276**	**-94,958**	**35,854**	**-59,104**

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**

Other equity movements

The 2023 Other equity movements of €35,037 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 Evolution Innovation Group acquisition.

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.

Note 9 – Provisions

In thousands of EUR	Warranty	Health claims	Litigation	Others	Total
At 31 December 2022	**31,012**	**55,323**	**10,024**	**63,030**	**159,389**
Additional provisions made	417	352	821	22,416	24,006
Amounts utilised during the year	-372	-1,019	-1,247	-21,879	-24,517
Unused amounts reversed	-	30	-369	-727	-1,066
Changes in the scope of consolidation	-	-	-572	-	-572
Translation differences	18	171	-146	54	97
At 30 June 2023	**31,075**	**54,857**	**8,511**	**62,894**	**157,338**
Non-current at the end of the period	26,443	49,556	5,982	23,838	105,820
Current at the end of the period	4,632	5,301	2,529	39,056	51,518

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 Exteriors 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, CO2 emission rights, 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 30 June 2023, these provisions amount to €29,333 thousand (€33,664 thousand in 2022). Restructuring provisions relate mainly to restructuring of companies in France.

Note 10 – Commitments and contingencies

No important changes occurred during the first 6 months of 2023 relating to commitments and contingencies which have been disclosed in the 2022 consolidated financial statements.

Note 11 – Employee benefits

For the measurement of its post-employment benefits as at June 30, 2023, 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 2022. All other assumptions among which the demographic assumptions are the same as year-end 2022.

Pension liabilities net of assets increased from €120,957 thousand as of 31 December 2022 to €132,347 thousand at the end of June 2023. The increase of the net liability is mainly driven by the decrease in the pension fund asset values in the United Kingdom, exceeding the small actuarial gains resulting from the increase in the discount rates.

Note 12 – Loans and borrowings

In thousands of EUR	**Dec. 2022**	**June 2023**
Bank loans	941,495	1,002,696
Other financial loans	5,902	9,211
Obligations under leases	124,900	129,271
Total non-current financial liabilities	**1,072,297**	**1,141,178**

In thousands of EUR	**Dec. 2022**	**June 2023**
Bank loans	28,638	27,921
Bank overdrafts	4,738	3,830
Other financial loans	186,716	265,610
Obligations under leases	26,525	27,352
Total current financial liabilities	**246,617**	**324,713**

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 €180 million per June 2023 (drawn at €100 million per end of 2022). Etex also uses Schuldschein loans (outstanding from 2016 and a new issue in 2022) for a total amount of €824 million (€824 million in December 2022) and a Commercial Paper program of €300 million, drawn at €186 million per June 2023 (€134 million per end of 2022).

In December 2022, Etex signed the documentation for an additional Syndicated Credit Facility of €300 million, maturing in October 2025, with a pool of 9 banks. Objective of this additional financing was to increase the group liquidity in view of the geopolitical developments. That new, additional Syndicated Credit Facility was drawn at €0 million per June 2023 (€0 million in December 2022).

In 2023, Etex continued using its €300 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 2023, €289 million were financed through that program, out of which €244 million was eligible for trade receivables derecognition. Within the URSA scope of acquired companies, a non-recourse factoring program is running for an additional non-recourse factoring financing of €43 million, derecognized from the trade receivables.

Transaction costs on the Syndicated Loan of 2018 and 2022 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 2023 amounts to €3,169 thousand (€3,735 thousand at the end of 2022).

Within the share purchase agreement of the acquisitions project Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At June 2023 the call/put option is measured at fair value and qualified as financial liability amounting to €5,242 thousand (€3,791 thousand at the end of 2022).

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 €41.6 million at June 2023 (€59.7 million end of 2022), predominately 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	Dec. 2022	June 2023
Non-current loans and borrowings	1,072,297	1,141,178
Current portion of loans and borrowings	246,617	324,713
Current financial assets	-81,451	-88,066
Cash and cash equivalents	-206,038	-237,560
Net financial debt	**1,031,425**	**1,140,265**

Note 13 – 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 2022 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 14 – Subsequent events

In August 2023 Etex was successful in the completion of the divestment of URSA Eurasia LLC, a company which was held for sale since the moment Etex acquired the shares of URSA, a European leader in glass mineral wool and extruded polystyrene (XPS) in June 2022.

No other subsequent events occurred which could have a significant impact on the interim financial statements of the group per 30 June 2023.

Statutory auditor's report on review of condensed consolidated interim financial statements for the period ended 30 June 2023

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Etex NV and its subsidiaries as of 30 June 2023 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the 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 2023

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

Peter Van den Eynde