Sustainable solutions
For you

Annual Report 2023

etex inspiring ways of living

About this report

Braga, Portugal, EQUITONE fibre cement façade, House 15

This second combined annual report is another step towards an integrated report, putting our economic, social and environmental footprint and performance on an equal footing. It describes our value chain and how our strategic drivers help us to make a positive impact.

The non-financial reporting is based on the GRI framework and the UN Sustainable Development Goals (see the GRI content index).

Cover picture: Tilburg, The Netherlands, Cedral fibre cement sidings, residential home

Disclaimers

Etex NV is a private company and its securities are not traded on a regulated market. It is headquartered in Zaventem, Belgium (company registration number RPM: 0400.454.404). This Annual Report 2023 has been audited by the statutory auditor PwC Reviseurs d'Entreprises SRL/ PwC Bedrijfsrevisoren BV. It may contain forward-looking statements. Such statements reflect the current views of management regarding future events and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Etex is providing the information in this report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. Etex disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by Etex.

Contents


Etex in 2023


About Etex


Strategy


Activity report


Governance


Financial report


GRI content

Etex in 2023

A year of strength

2023 was a year of very solid performance in line with our growth and sustainability goals. We reinforced our innovative and sustainable offering via promising acquisitions in four of our five platforms. We also laid strong foundations for the long-term sustainable transformation of our business. Our focus on sustainability once again yielded great results.

Cartagena, Colombia, Etex teammate

Message to stakeholders

2023, a year of solid performance in line with our growth and sustainability goals

At Etex, we strive to improve our customers' quality of life, addressing global and local market needs. Building on our experience, we provide effective lightweight solutions and products that offer an intrinsic sustainable value. Our portfolio lies at the core of a clearly defined strategy, which is based on growth, innovation and sustainability.

Thanks to the efforts of our teammates, and in difficult market conditions, we delivered a remarkable performance in 2023, showing continuous growth beyond the exceptional results of 2022. In 2023, we reached total revenues of EUR 3,808 million and recorded REBITDA of EUR 712 million, up by 10.4% compared with the previous year.

Markets have been in the grip of falling volume and lower demand; we have seen volatility across all geographies and platforms. The geopolitical situation remained extremely complex, especially in Europe, where Russia's ongoing war in Ukraine is causing energy prices to remain high. The conflict in Gaza and the wider Middle East region is adding complexity and impacting global supply chains. Although inflation has started to decrease, interest rates have not yet come down. In this difficult cost environment, we succeeded in maintaining good margins in all our divisions and staying close to our customers.

Organic growth

Etex teammates around the world worked together to adapt production to soft and volatile volumes, particularly in the second half of the year, while continuing to meet customer demand. Historical housing shortages combined with the need to accelerate the energy-efficiency of buildings will, at some point, counterweigh the present challenges. To ensure that we meet these needs, we will continue to invest in our manufacturing footprint, with future-proof technology. We further implemented our capital expenditure (capex) plans; a record high capex allocation, totalling EUR 371 million, supports our mid-term ambitions to address a growth market. It also enabled us to deliver cost improvements totalling over EUR 50 million in 2023. Our teammates took ownership through the careful execution of thousands of actions; our customer experience indicator improved compared to 2022. This is a testimony of our commitment to relentlessly improve for our customers.

EUR 3,808 million
Revenue
(+2.5% vs. 2022, +0.7% like-for-like)

EUR 712 million
REBITDA
(+10.4% vs. 2022, +9.6% like-for-like)

EUR 278 million
Net recurring profit (Group share)
(+1.1% vs. 2022)

"

ETEX WAS ABLE TO REMAIN IMPACTFUL. ADDRESSING BOTH AN ENERGY CRISIS AND COST INCREASES HAS LED US TO MAKE STEP CHANGES IN THE WAY WE DO BUSINESS, SETTING THE STAGE FOR FURTHER ACCELERATION IN SUSTAINABILITY AND GROWTH IN FINANCIALS IN THE YEARS TO COME.

Johan Van Biesbroeck,
Chairman of the Board of Directors

Acquisitions

In 2023, we managed to strengthen our portfolio and broaden our geographical scope with strategic acquisitions.

Our Promat range has been complemented by Skamol. With sites in Denmark and Poland, they are an innovative expert in high-temperature insulation materials.

We acquired the glass wool insulation activity of Superglass, which gives us a strong manufacturing position in the United Kingdom where we were previously not present for insulation.

With SCALAMID, in Poland, we accelerate our innovative capabilities through printed and painted fibre cement, also developing our local production capacity.

In Australia, with some of BGC's assets (deal signed at the end 2023 and closed in early 2024), we significantly strengthen our plasterboard activities in Australia and New Zealand. This also enables us to fully enter the fibre cement market in these countries.

2023 was also the first full year in which we were able to consolidate the recently acquired insulation division with our expert brand URSA.

Stopping all operations in Russia

We were able to fulfil one of our major commitments: successfully completing the process of exiting Russia by divesting two operating sites in the country in August. These sites were part of the original URSA insulation footprint acquired before the invasion took place. We are actively preparing to help rebuild Ukraine as soon as it is possible and safe to do so.

Sustained efforts for health and safety

Ensuring the safety of our teammates is our first priority here at Etex. Each and every one of us takes ownership for health and safety every day; we stay focused on our objective of zero accidents.

Sustained efforts led to many activities and improvements in 2023, resulting in good safety numbers. Regrettably, we were not able to fully maintain our safety target of zero fatalities on our sites, with two fatalities occurring in Argentina and in Spain. We wish to ensure that our teammates and contractors can go home safely every day. We are continuing to invest heavily in safety and we will reinforce our efforts. We are seeing the initial benefits from thorough analyses and refining safety processes based on even closer contact with plants and teammates.

Road to Sustainability 2030

Sustainability has sharpened our focus on being a global leader in smart building solutions; our solutions meet complex needs for both renovation and new build, which are vital as our sector continues the journey to meet global and EU carbon neutrality objectives of 2050.

We recorded impressive reductions in energy consumption, lowering our carbon emissions by 22.8% since 2018. We used less raw material through key initiatives and set records in recycled input. For instance, the recycled content in gypsum exceeded an industry high of 8.6%. We are using less drinking water globally, an area in which our efforts have just begun.

We are seeing the first initiatives in engaging with our value chain to reduce our Scope 3 emissions. Together with our suppliers, we are taking our customers along on this journey. We are working closely with different stakeholders on in-depth innovation and on avoiding carbon emissions. We expect such projects to show further significant results in 2024.

We are pleased to present our second combined annual report which has been prepared according to GRI standards for reporting on sustainability topics. It demonstrates that our efforts to make sustainability a driver for our business have gathered pace. We are also taking steps towards the double materiality assessment to achieve CSRD compliance.

Customer orientation

Our close relationship with our customers has allowed us to keep improving our solutions and to continue offering the right quality at a competitive price. The agility and responsiveness of our local teams, across our commercial brands and platforms, have enabled them to respond to fluctuating market conditions including costs and inventory, while continuing to meet our customers' expectations and maintaining market share.

We are extremely well positioned with our five technology platforms and our ability to combine solutions. We are continuing our efforts to train our teams to enable them to help customers deliver complex projects better, faster and cheaper.

We plan to further improve the lightweight solutions which we pioneer. Lightweight building materials offer flexibility and longevity for the industry to reach sustainability targets more quickly. Our solutions are up to 45% less emission-intensive to produce compared to traditional construction methods, provide up to seven times better thermal and sound insulation, thereby increasing energy efficiency, and are more recyclable, flexible and adaptable.

Our teammates make Etex successful. They made an incredible effort in 2023, producing great work while remaining focused on the road ahead. We thank them for their loyalty and commitment.

We are also grateful to all our stakeholders. They push Etex to be an outstanding and sustainable industry leader.

Johan Van Biesbroeck
Chairman of the Board of Directors

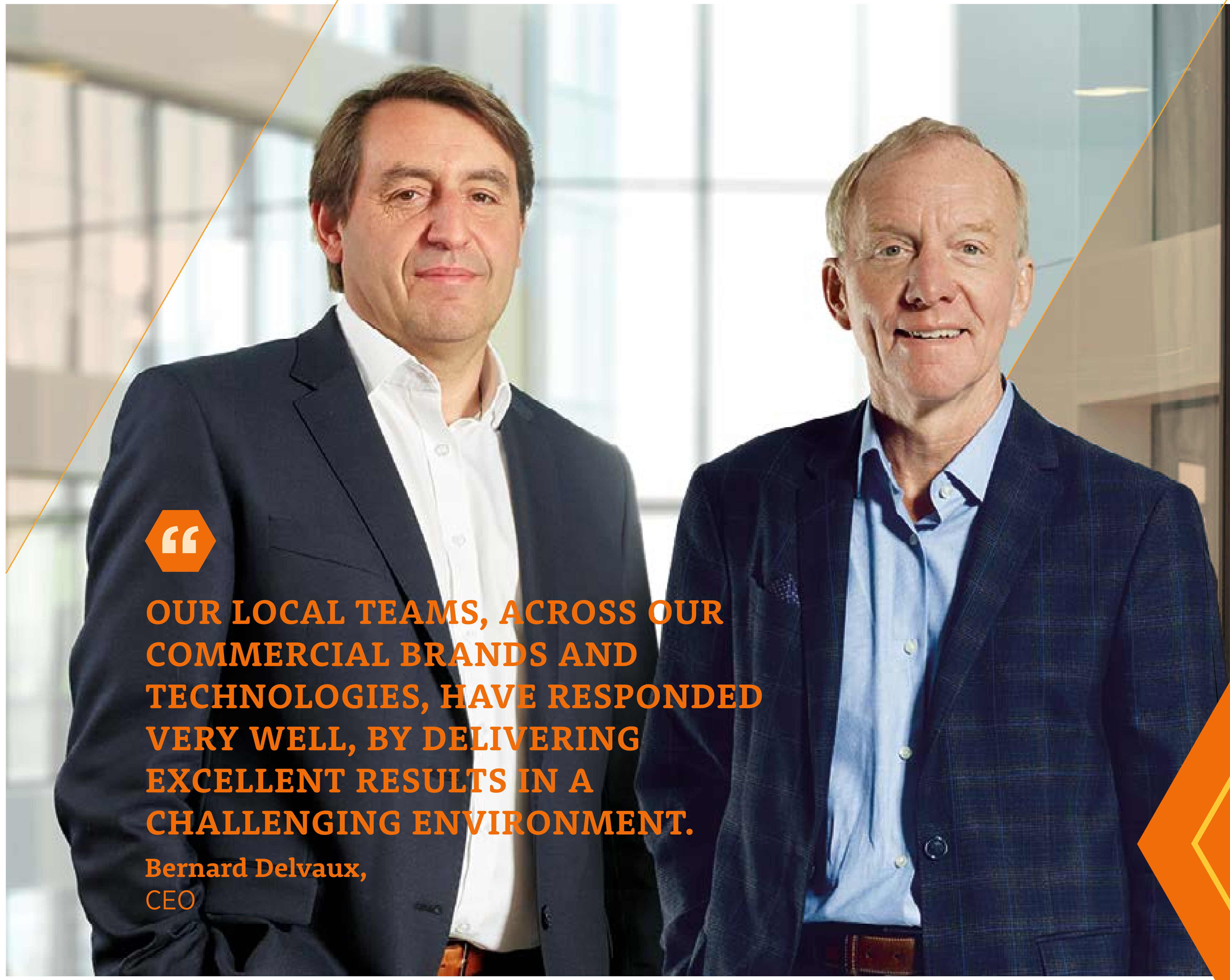
Bernard Delvaux
CEO

ETEX'S OUTLOOK FOR 2024 IS ONE OF CAUTION BUT DETERMINATION

Our outlook remains one of vigilance for 2024. The market conditions are expected to remain volatile across our geographies. Our presence in different product categories and markets in the world makes us naturally more resilient to this kind of situation.
Thanks to the expertise of our teams and the solidity of our balance sheet, we can act swiftly when opportunities arise to capture sustainable growth.
We increase the accessibility of our solutions and services for customers, only adjusting timings to market conditions and being ready for when demand picks up again. The question is when, not if. In the meantime, we are maintaining our pace as regards innovation and investments.
We continue to make our plants future-proof and ensure that our teammates are equipped to go home safe every day.
We want Etex to be an even more attractive place to work for diverse talents.
Despite lingering uncertainty, we believe in offering lightweight building solutions that inspire ways of living that are safer, more sustainable, smart and beautiful.
This is our way of contributing to a net zero construction industry in 2050.

Bernard Delvaux
CEO

Johan Van Biesbroeck
Chairman of the Board of Directors



OUR LOCAL TEAMS, ACROSS OUR COMMERCIAL BRANDS AND TECHNOLOGIES, HAVE RESPONDED VERY WELL, BY DELIVERING EXCELLENT RESULTS IN A CHALLENGING ENVIRONMENT.

Bernard Delvaux,
CEO

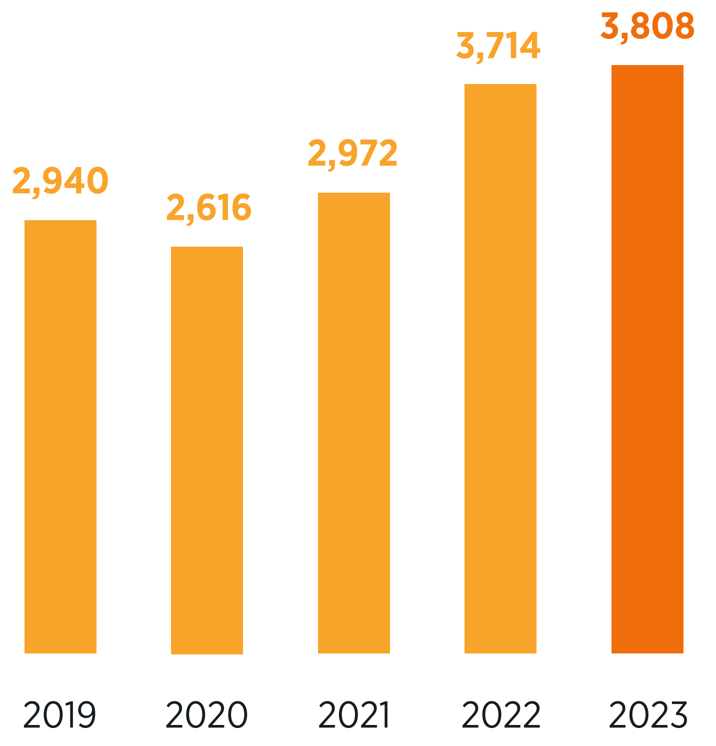
Key performance indicators

Financial

Revenue

EUR 3,808 million

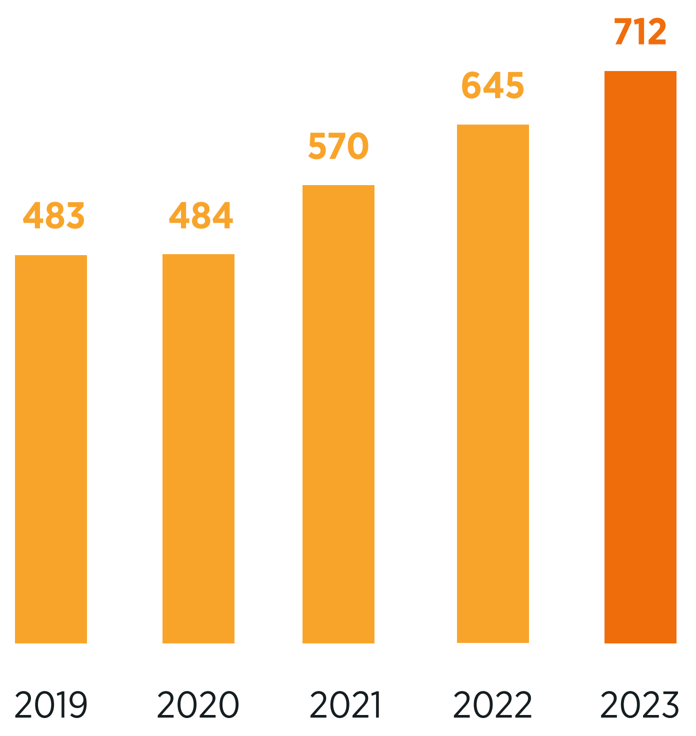
(+2.5% vs. 2022, +0.7% like-for-like)



Recurring operating cash flow (REBITDA)

EUR 712 million

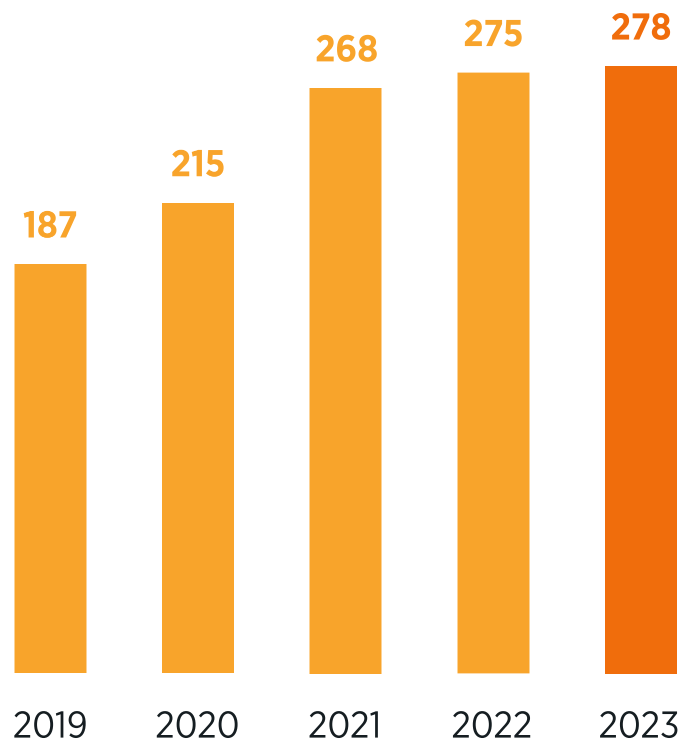
(+10.4% vs. 2022, +9.6 like-for-like)



Net recurring profit (Group share)

EUR 278 million

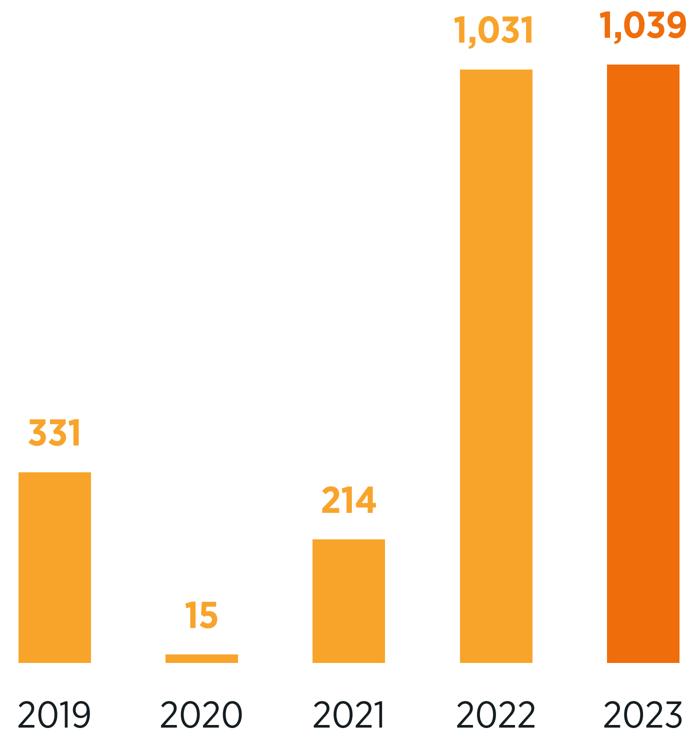
(+1.1% vs. 2022)



Net financial debt

EUR 1,039 million

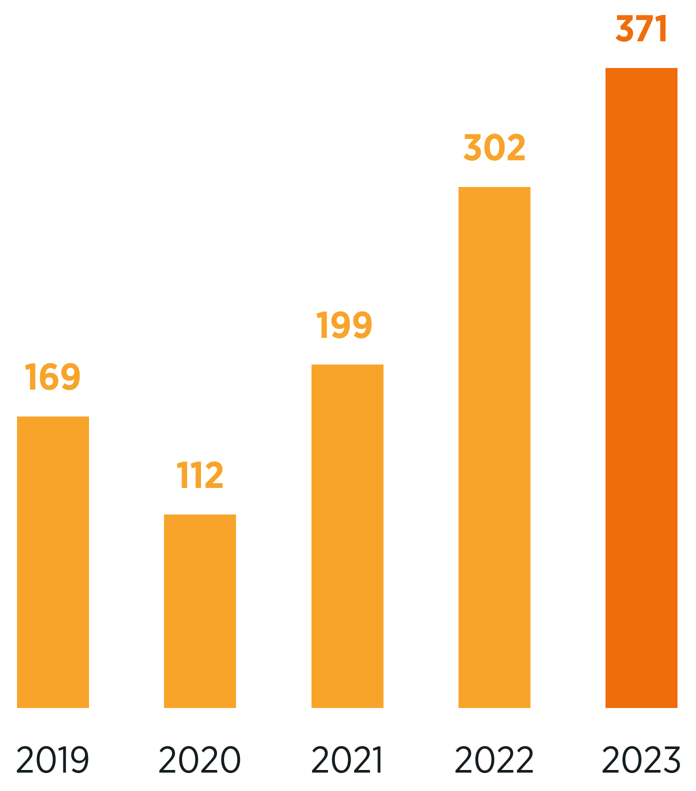
(+0.8% vs. 2022)



Capital expenditure

EUR 371 million

(+22.8% vs. 2022)



Non-financial

Engaged people

DE&I

Diversity, Equity and Inclusion policy and commitment for all teammates

7,187

Teammates active on global digital learning platforms (+20% vs. 2022)

3,219

Awards given to teammates for significant contributions

12.17%

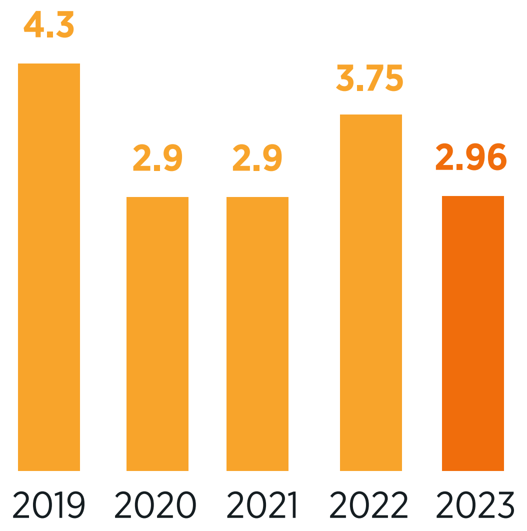
Employee turnover

Operational excellence

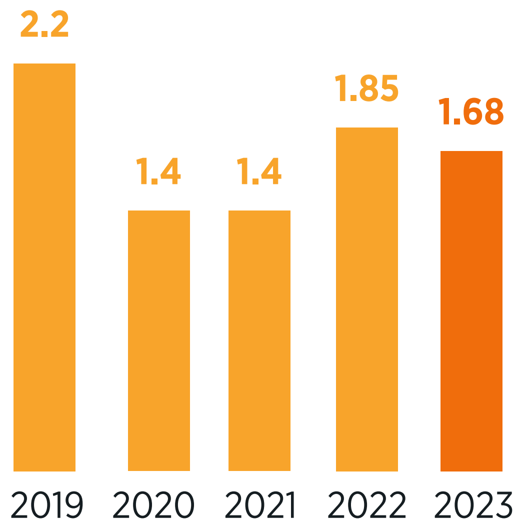
1.80

Safety intensity[1]

Total accident frequency rate[2] (-21% vs. 2022)



Frequency rate of lost-time accidents[3]



18.9

Hours of health and safety training on average per teammate

Customer orientation

>70%

European turnover covered by Environmental Product Declarations (EPDs)

+25%

Users of the customer portal **My Etex** vs. 2022

+19

Net Promotor Score (NPS) points vs. 2022 for the Building Performance division

Sustainability and Innovation

0.137

Greenhouse gas emissions intensity[4] **(Scope 1 and Scope 2)**

(-22.8% in absolute values vs. 2018)

+29%

Recycled input achieved vs. 2022, for a total of 7.6% across platforms

-28%

Waste to landfill in absolute values vs. 2018

(-5% in absolute values vs. 2022)

0.78

Total water withdrawal intensity[5]

1 Average number of safety activities per employee per month

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

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

4 Tonnes CO_2e per tonnes of sellable goods produced

5 m^3 per tonnes of sellable goods produced

Highlights

ENGAGED PEOPLE

3,219 awards

The yearly CEO award for a game-changing contribution was won by the Export Team of the Exteriors division which comprises 25 teammates across Belgium, Malaysia, France, Italy and Chile. Over the year, a total of 3,219 awards were given to recognise teammates.

CUSTOMER ORIENTATION

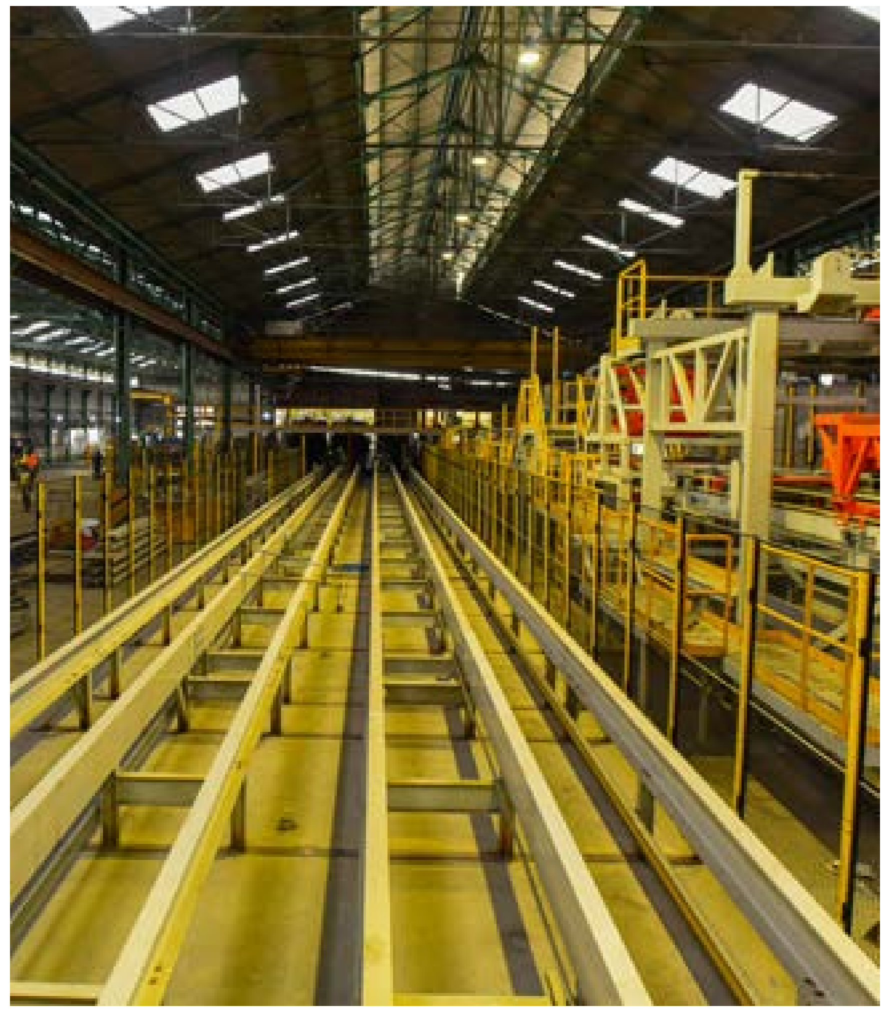
Four acquisitions

Through four acquisitions over the year - Skamol, Superglass, SCALAMID and BGC's lightweight businesses (closed in February 2024) - we expanded our access points of innovative and sustainable technologies to more customers and welcomed more than 700 new teammates.

OPERATIONAL EXCELLENCE

New state-of-the-art production lines

New state-of-the-art production lines were opened in Lagos, Nigeria, for fibre cement and in Filago, Italy, for intumescent products, increasing capacity and assuring more sustainable operations.



ENGAGED PEOPLE

Diversity, Equity and Inclusion

We launched our global Diversity, Equity and Inclusion policy and commitment covering all teammates.

OPERATIONAL EXCELLENCE

Exit Russia, rebuild Ukraine

We completed the process of exiting Russia by divesting two operating sites in the country. These sites were part of the original URSA insulation footprint acquired before the invasion took place. We are actively preparing to help rebuild Ukraine as soon as it is possible and safe to do so.

ENGAGED PEOPLE

Head of Division Insulation

A new member joined the Executive Committee: Efrén del Pino became Head of Division Insulation.

SUSTAINABILITY AND INNOVATION

EcoVadis SILVER

For the second consecutive year, we also achieved an EcoVadis SILVER rating, underscoring Etex's collective dedication to sustainability and ethical practices.

OPERATIONAL EXCELLENCE

Record capex

We prepared for the future by investing a record EUR 371 million (a 22.8% increase compared to 2022) in capital expenditure projects to maintain factories, increase production capacity and make plants safer and more sustainable.

SUSTAINABILITY AND INNOVATION

Water and Biodiversity

We added Water and Biodiversity as a sixth workstream to our Road to Sustainability 2030 ambitions. The aim is to have water management plans at all sites by 2027 and a 20% reduction in water withdrawal intensity by 2030 compared to our 2022 baseline.

About Etex

We have been pioneers in fibre cement building solutions from our very beginnings in 1905. In 1981, we acquired Promat for passive fire protection - a crucial pillar in lightweight construction. In 2011, we acquired a further 110 years of experience in gypsum and plaster technology. Fibre cement and plasterboard have proved durable, beautiful, sustainable and smart materials, to which we have added state-of-the-art passive fire protection, systems and solutions, as well as insulation.

The flexibility and efficiency of all of these materials has enabled our global expansion and growth.

Capelle aan den IJssel, The Netherlands, EQUITONE, sports complex

Profile

Who we are

We are an innovative and sustainable building materials company and a pioneer in lightweight construction. We are 13,500 teammates operating on more than 160 sites and at seven Innovation Technology Centres (ITC) in 45 countries globally.

Values

Our purpose gives meaning to our three values:

CONNECT AND CARE

Developing people and meaningful relationships

PASSION FOR EXCELLENCE

Doing the right thing and enjoying outperformance

PIONEER TO LEAD

Driving valuable change

Purpose

Our teammates are united around a clear purpose: **Inspiring ways of living**.

Our purpose directs our strategy, which is to widen our scope as the most innovative and sustainable global lightweight building materials manufacturer.

OUR PURPOSE

We want to inspire people around the world to build living spaces that are ever safer, more sustainable, smart and beautiful.

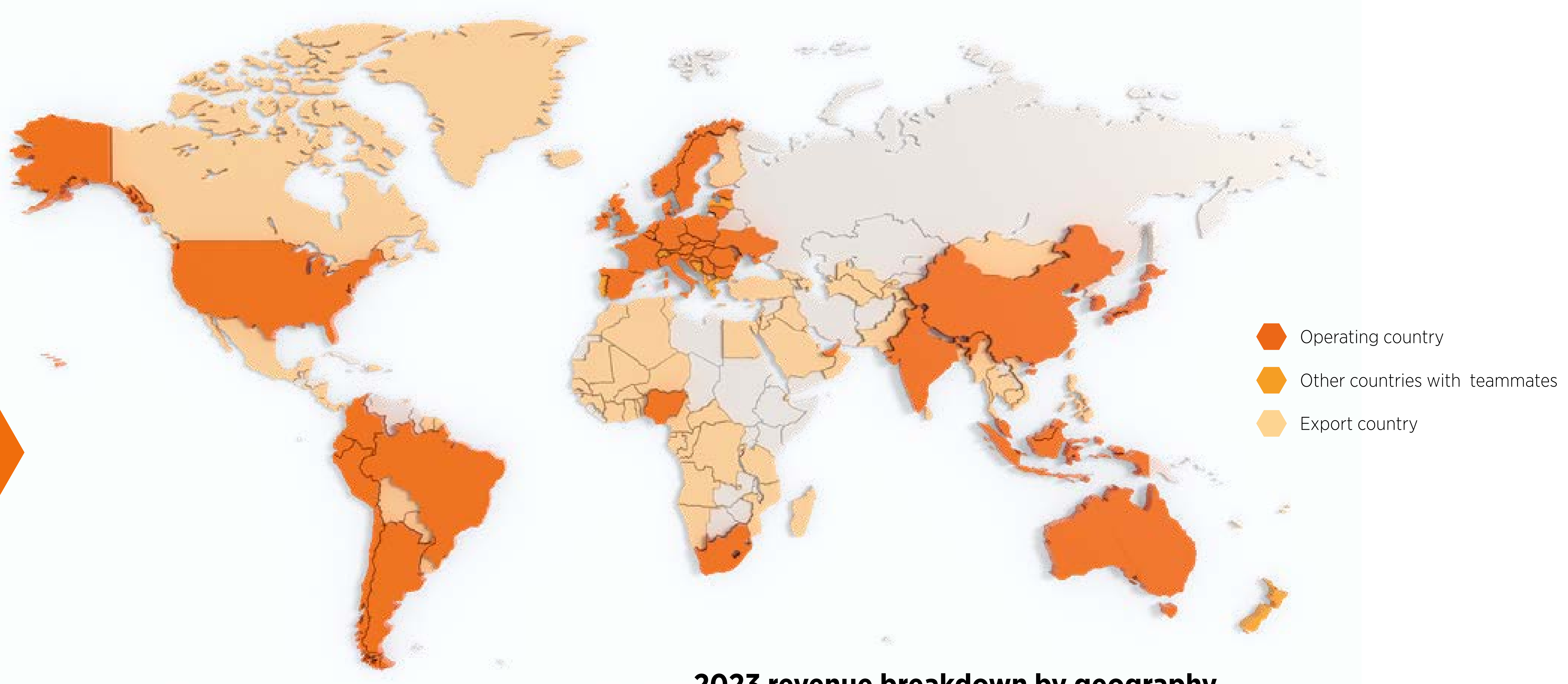
OUR HOW

We work as one, fostering a collaborative and caring culture, a pioneering spirit and a passion to always do better for our customers.

OUR WHAT

Building on our experience and global market needs, we strive to improve our customers quality of life with ever more effective lightweight solutions.

Etex around the world

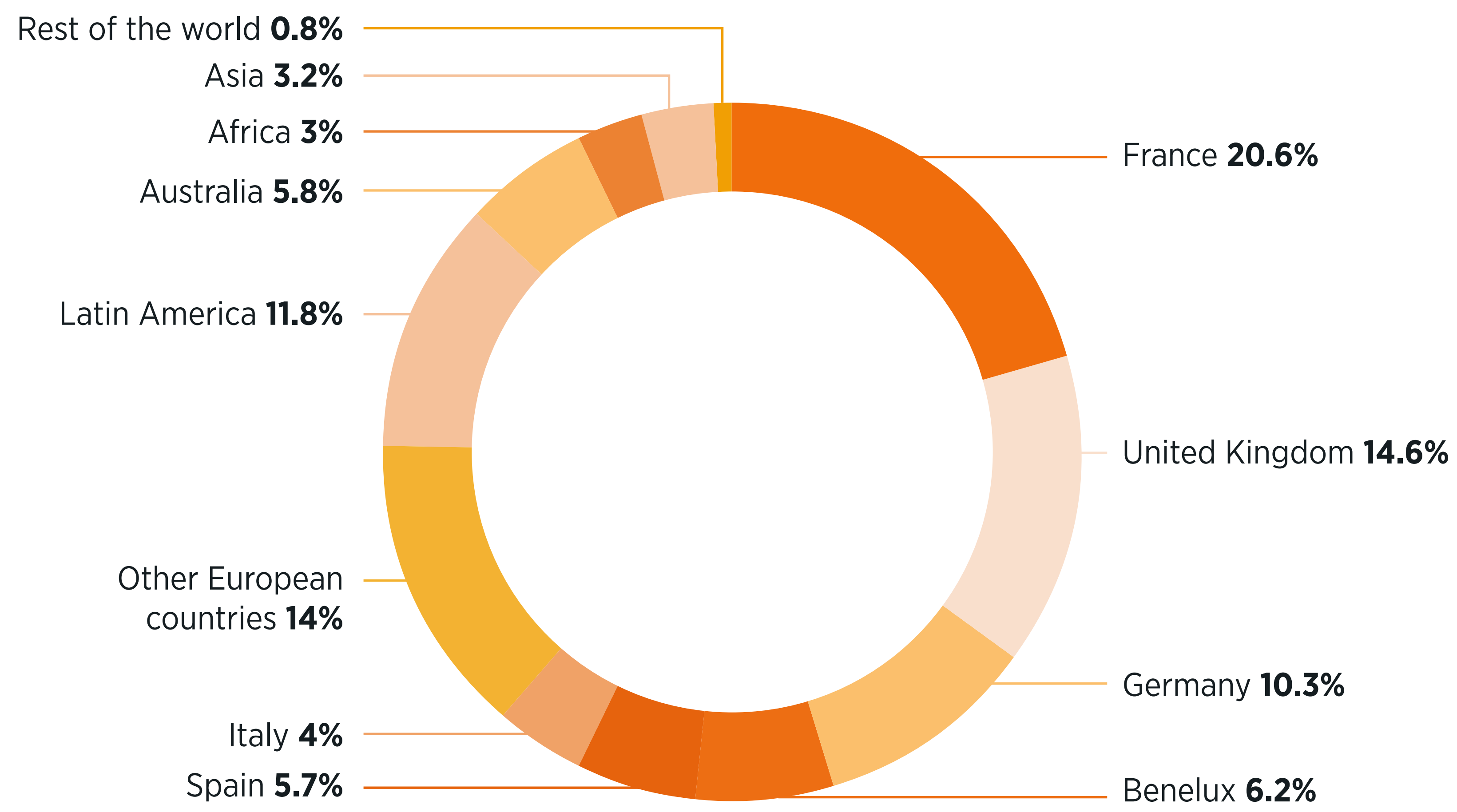


>13,500
Teammates

>160 sites
Plants, quarries, offices

7
Innovation Technology Centres (ITC)

2023 revenue breakdown by geography



Etex businesses

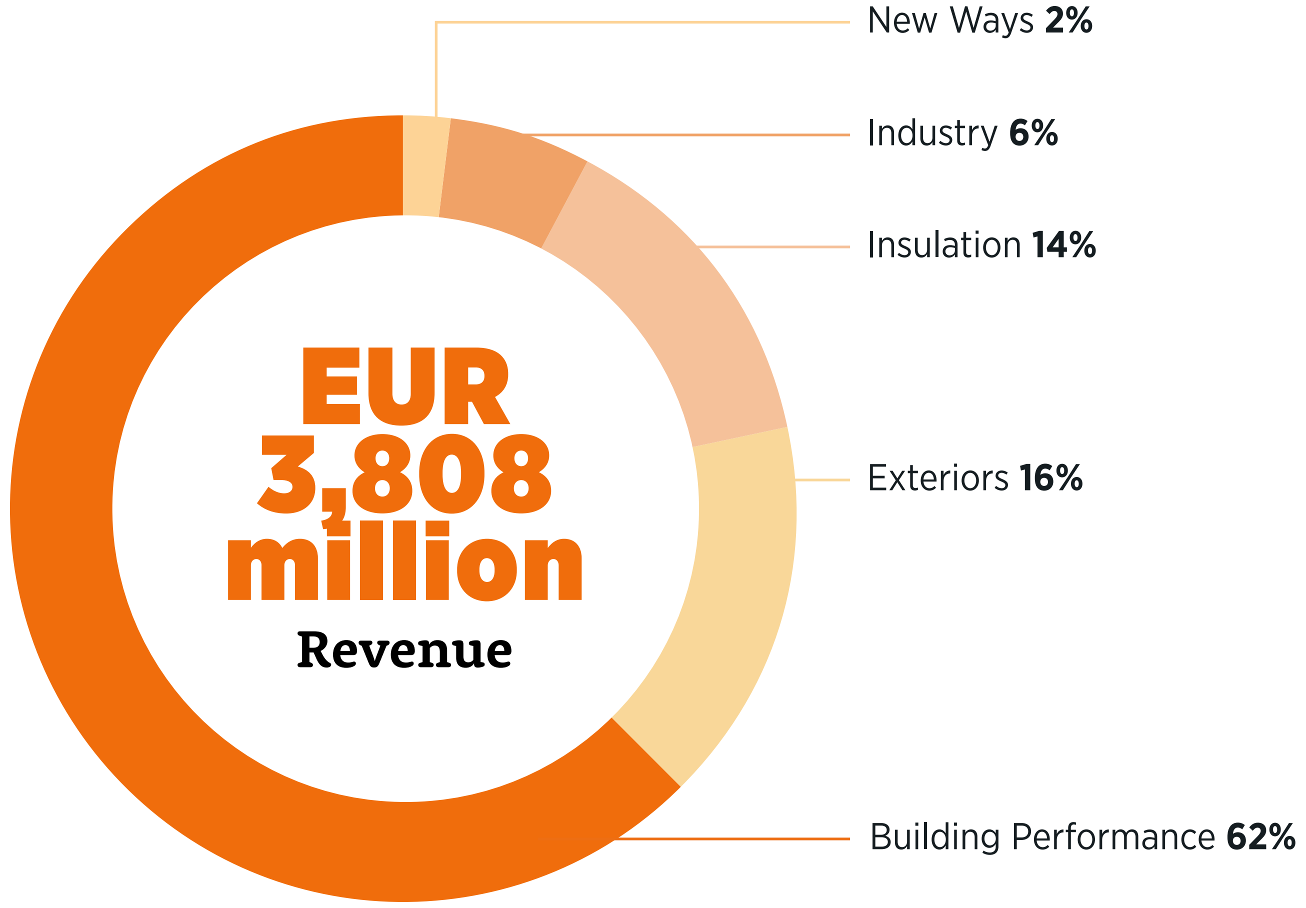
Five divisions

Five divisions serve the market globally with our leading commercial brands, supported and challenged by five platforms.

- **Building Performance**
- **Exteriors**
- **Industry**
- **Insulation**
- **New Ways**

Read more about our divisions in our Activity Report chapter.

2023 revenue breakdown by division



Strategic framework

Performing together to inspire the world.

To serve our customers and to establish our leadership in sustainability and innovation, we build our future across 5 platforms with ever more effective lightweight building solutions.

Our five platforms.

We drive our strategic roadmap by uniting cross-functional teams and engaging with our customers through 5 platforms:

Gypsum

Fibre cement

Passive fire protection and High-performance insulation

Insulation

Systems and Solutions

We are committed to developing innovative and sustainable products and full solutions, delivering best-in-class experience for our customers. We cultivate expertise, focus on product management, pricing, customer engagement and market entry strategies.

Supported by four drivers.

- Engaged people
- Operational excellence
- Customer orientation
- Sustainability and Innovation

Value creation

Resources (upstream)

Teammates

>13,500 across 45 countries

Operations

>160 sites (plants, quarries, offices)

Capital expenditure: EUR 371 million

Suppliers

30,000 active vendors

Natural resources

Raw materials (paper and fibres, gypsum and minerals, cement, steel, others) account for 30% of Etex's total purchasing spend

Financial resources

Equity:
EUR 1,922 million

Business model

Find out more about our strategy on page 20

Purpose

Inspiring ways of living

Strategy

Leading in five platforms supported by four strategic drivers to deliver customer-centric sustainable solutions

Platforms	Divisions
Gypsum	Building Performance
Fibre cement	Exteriors
Passive fire protection and High-performance insulation	Industry
Insulation	Insulation
Systems and Solutions	New Ways

Road to Sustainability 2030

Impacts (downstream)

Engaged people

Teammates

- **Focus on health** and **well-being,** highest safety standards
- All teammates covered with **DE&I policy and commitment**

Operational excellence

Operations

- **Safety** is Etex's first priority
- **18.9 hours** of health and safety training on average **per teammate**

Suppliers

- Increase partnerships with suppliers for greener and circular raw materials

Customer orientation

Customers

- Higher **customer satisfaction** (improved Net Promoter Score)
- **>70%** European turnover covered by Environmental Product Declarations (EPDs)

Sustainability and Innovation

Environment

- **+29%** recycled input achieved vs. 2022
- **-7%** plastic usage vs. 2022
- **-28%** waste to landfill in absolute values vs. 2018
- **-3%** water withdrawal vs. 2022

Society

- Effective tax rate: **28.8%**
- Engage with **local communities** through local and global partnerships

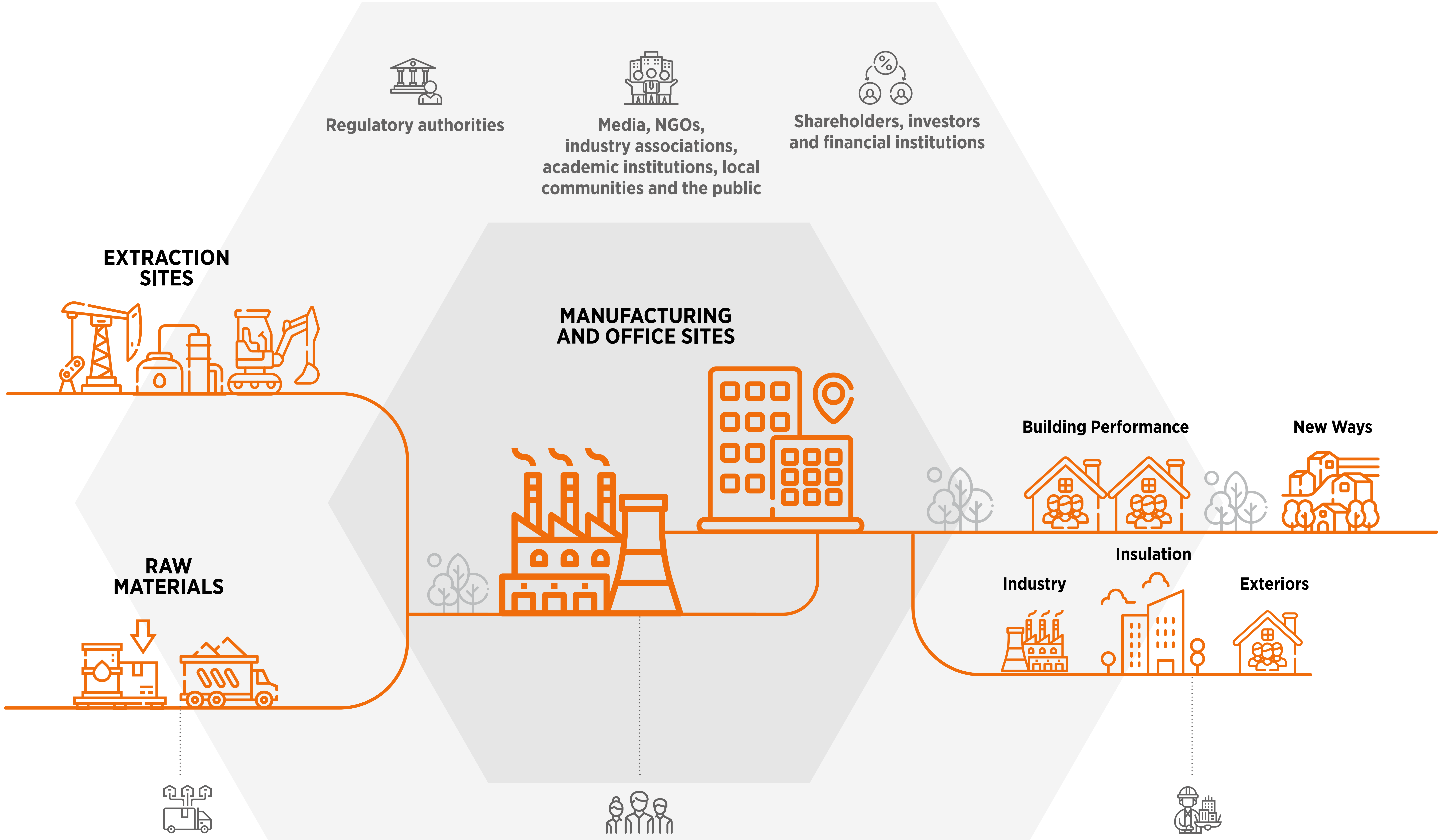
Financial results

- Revenue: **EUR 3,808 million**
- REBITDA: **EUR 712 million**
- Operating cash flow (EBITDA): **EUR 657 million**

Value chain

As part of the construction and building industry value chain, we are conscious of our responsibilities towards people and planet. By design, the industry depends on raw materials, energy, water and other ecosystem services and has a significant environmental footprint.

We expect the market to focus more and more on the sustainability characteristics of our solutions. In line with our strong future and customer orientation, we assess how our products and solutions can help our customers reach their own sustainability goals. We have to work together to address social and environmental sustainability challenges. As the illustration shows through some spot examples, sustainability opportunities and challenges occur across the whole value chain. Etex follows leading global initiatives, such as the UN Global Compact and its related Business Principles and Sustainability Development Goals, as well as the GRI reporting standards.



Suppliers

Careful selection of our suppliers of main raw materials (gypsum, fibre cement, glass, wood, metal, energy, water) based on our Supplier Code of Conduct and specific supplier ESG rating. In partnership with various value chain partners, we improve our waste management to increase circular material flows through reuse and recycling.

Teammates

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

Customers

Architects, construction companies, distributors, contractors, installers, homeowners. Proactively meet their needs by offering superior building solutions and empowering them to construct the most efficient, ambitious and inspiring projects.

Stakeholders

	Why do we interact with each stakeholder?	How do we create value?
Teammates	To maximise safety, engage, maintain transparency on key business decisions, encourage co-creation, cooperation and share information and best practices, train and facilitate personal and professional development.	• By engaging with teammates via our Etex Core platform, which contains events, webinars and communication campaigns; we hold team meetings and information sessions and facilitate personal and professional development. • By hosting live events called Etex Team Talks for all teammates, where we celebrate team achievements, share results, update them on changes and discuss plans and prospects. • By enabling everyone to tell their stories, which are published online as Teammate Stories. Such stories of success and experiences have inspired others in their work and personal lives. • By having 800 managers share information and updates on Etex Insights and having 125 senior leaders participate in the annual Etex Global Summit, focusing on sustainability, growth and customer orientation.
Suppliers	To acquire goods and services from our suppliers and cooperate with them to ensure efficient production and service as well as the delivery of sustainable solutions.	• By actively engaging with suppliers in commercial, technical, innovation and sustainability discussions with a view to making our products and services ever better for our customers. By collaborating with our suppliers, we are constantly improving their own ranges and products for the long term. • By working with active vendors in alignment with our sustainability ambitions: 1,170 active vendors assessed by EcoVadis, covering 40% of our purchasing spend and 57% of our performance.
Customers	To proactively meet with customers to understand their changing needs, address their requests and deliver high-quality and sustainable products and services.	• By reaching out to our customers with tailored information on products, solutions and services; these stakeholders increasingly request not only proof of technical performance and guarantees, but also sustainability credentials. • By continuously providing value to our customers by striving to provide better performing products and systems in technically and sustainable terms. Products and Systems that adapt to the customers changing needs. • By educating our customers in new trends in different markets, new regulatory requirements and technical features of our products through training courses and seminars.

	Why do we interact with each stakeholder?	How do we create value?
Regulatory authorities	To comply with all regulations in the countries where we operate (taxation, quarry licences, energy performance rules for buildings, etc.); to go beyond compliance and achieve best practices, where possible.	• As a member of multiple industrial associations, we engage in constructive two-way dialogue with authorities concerning our points of view on various regulatory topics ranging from product performance standards to sustainability challenges of the building industry. • By ensuring transparency and accountability through our website and public reports, including our half-year and full-year financial and non-financial reports. • By continuously monitoring the development of various building regulations at government, regional and municipal levels and advocating alignment to the global trends and standards of the industry. • By connecting through the European Committee for Standardisation (CEN) in Europe and with the International Organisation for Standardisation (ISO) globally.
Media, non-governmental organisations, industry associations, academic institutions, local communities and the public	To facilitate the exchange of information on the strengths of our products and their benefit for people and our planet; to create public knowledge and awareness of our key systems and solutions.	• By using digital tools with our external stakeholders. • By building stronger press relationships locally and globally. • By partnering with the private foundation Selavip and its global network, which supports housing projects for underprivileged people; we donate to the charity Habitat for Humanity to help families build and improve their homes; we also take multiple other local initiatives in the countries in which we are present. • By being a signatory of the UN Global Compact since 2019 and reporting with regard to the Sustainable Development Goals (SDG) in accordance with the GRI standards. We also plan to report in accordance with the CSRD as from reporting year 2025. • By participating in industry associations to make sure the industry's voice is heard. Etex has representatives in various national and international trade associations such as Eurogypsum, the European Federation of Fibre Cement Manufactures, the European Association of Passive Fire Protection, Fire Safe Europe, the Passive Fire Protection Network, the Society for Fire Protection Engineers Europe, the European Insulation Manufacturer Association, the European Extruded Polystyrene Insulation Board Association, and the First Movers Coalition.
Shareholders, investors and financial institutions	To balance sustainable growth with transparent communication about performance and outlook.	• By informing stakeholders about strategic developments by way of half-year and full-year reports, press releases, online documents and annual meetings.

Materiality matrix

To operationalise our contribution to the UN Sustainability Development Goals (SDG) in terms of specific actions, objectives and Key Performance Indicators (KPIs) and to develop our Sustainability Roadmap 2030, in 2020 we identified the most material sustainability topics for Etex.

On the basis of input from internal and external stakeholders as well as from trend analyses the following topics were prioritised as of 2021: Health, Safety and Well-being, Decarbonisation, Circularity, Diversity, Equity and Inclusion, and Customer engagement. However, given the speed at which some of these topics are evolving for Etex, ranging from climate change, the supply chain and employment to operational risks, and also to comply with new CSRD regulations, in 2023 we decided to renew our materiality perspective by starting a double materiality assessment for Etex in 2024.

People	1	Employee training and development
	2	Employee engagement
	3	Diversity, Equity and Inclusion (employees)
Health, safety and well-being	4	Employee work-life balance, health and well-being
	5	Safety management
Community relations	6	Community engagement
	7	Responsible economic growth
	8	Customer and stakeholder relations and satisfaction
Environment	9	Energy and emission management
	10	Renewable energy sourcing
	11	Impact of transport and logistics
	12	Water management
	13	Biodiversity and ecosystem management
	14	Waste management
	15	Sustainable products, services and innovation
	16	Circular economy
Business ethics	17	Responsible materials sourcing
	18	Business ethics
	19	Fair operating practices in the value chain
	20	Pricing integrity, transparency and anti-trust

Strategy

How we create value

We inspire ways of living, as we enable people to build living spaces that are ever safer, more sustainable, smart, and beautiful.
We evolve continuously by remaining close to our customers.
We create sustainable, circular solutions in lightweight construction, lowering our own and our partners' value chain footprints.

- Accelerating our response to megatrends
- Risk assessment
- Our growth strategy
- Engaged people
- Operational excellence
- Customer orientation
- Sustainability and Innovation

Bentong, Malaysia, EQUITONE fibre cement façade, "Smolhaven" private house

Accelerating our response to megatrends

Population growth and rapid urbanisation

The population of our planet has reached eight billion, resulting in the need for good living and working conditions. A fundamental lack of supply in homes needs to be tackled. Driving factors are migration due to climate change and expanding cities. Adequate housing, one of the SDGs, is still not addressed in many parts of the world.

Etex's response

A growing population creates the need for sustenance and shelter, which must also be addressed without delay. Our products and solutions facilitate the construction of sustainable, high-quality spaces and buildings. As lightweight and modular solutions, they have built-in sustainability: they provide protection from the elements and fire, regulate temperature, and provide comfort and aesthetic appeal. They are affordable, resource-saving, recyclable.

Resource scarcity

A growing global population creates the need for more energy, raw materials and land. This has an impact on the environment: deforestation, extinction of species, scarcity of natural resources such as water.

Etex's response

We manufacture using a range of raw materials. Etex operates gypsum quarries and is very conscious of the effects of extraction on natural surroundings. We protect biodiversity near our operations. We adhere to reuse and recycling as guiding principles to limit the input of resources, including water. By engaging with our value chain partners, we maximise synergies to recover resources upstream and downstream. We rely on innovation to improve our products, using less material, water and energy, aiming for maximum recyclability and less waste.

Climate change

Climate change is reflected in temperature rises and higher levels of greenhouse gas emissions. The Paris Agreement of 2015 created a watershed. The UN Climate Change Conference in Glasgow, UK, in November 2021 (COP 26) established the net-zero target of reduced emissions as a principle for business. The building and construction sector emits 28% of global emissions. New builds have to become carbon neutral, and an aged housing stock needs to be retrofitted to reduce energy needs.

Etex's response

Etex's lightweight construction materials target energy efficiency directly. Our products offer long-term solutions by fixing carbon for 40-50 years during a building's use phase, after which they allow deconstruction and recuperation. Our solutions offer the highest protection and thermal and acoustic efficiency. Insulation regulates temperature to reduce energy consumption and CO_2 emissions. We future-proof our plants and reduce our environmental impact.

Disruptive technologies

Doing things the traditional way, the construction sector has a huge operational footprint. Projects take a long time to complete and are often expensive. Supply chains are mostly linear with a lot of waste generation. They are reliant on many materials, skilled manual labour and efficient management. This way of operating is being challenged by rising prices, the scarcity of manual labour and resources and the need for a circular economy. Europe is not making enough progress in the renovation of the existing building stock to meet its 2030 goals. The building and construction sector must embrace technological and digital innovation to scale up its response to these challenges.

Etex’s response

Construction needs to be disrupted. It must become less complex, less time-consuming, and less labour-intensive. Modular construction is an enabler at the forefront of construction which Etex actively promotes. Our systems and solutions are produced offsite and simplify construction. They require fewer hands on a construction site, where shortage of labour is an issue. We want people to build more efficiently, effectively and quickly. Etex’s inhouse teams possess the right technical and digital know-how to accompany designers in projects from the start.

Complex regulation

Governments worldwide are driving acceleration in energy and resource efficiency through ever stricter regulation. They expect a high energy performance in renovation and new build and materials circularity.

Etex’s response

At Etex, we facilitate easy access globally to our lightweight construction materials and solutions which have built-in circularity and sustainability. We comply with regulations and are continuously improving our portfolio to bring it into line with the latest building performance standards.

Housing crisis

Despite a sluggish construction sector in a market downturn, there is an urgent need for qualitative and and cost-efficient housing and buildings. This requires acceleration from the building sector and facilitation from governments.

Etex’s response

At Etex, we believe that house building is in need of an overhaul. Our products facilitate and accelerate the building process owing to their first-class workability. They are easy to carry, cut, assemble and handle. They enable smooth, efficient installation. These inherent advantages contribute to a future-proof economy.

Risk assessment

Our risk management process is based on a company-wide risk analysis. Risks identification, assessment and management are undertaken on a regular basis. These risks are scored using the two main criteria of impact and vulnerability, allowing us to chart and rank them in a risk register. We also believe it is important to include sustainability factors in our risk assessments.

Risk assessment results are presented and discussed by our top management, Risk and Audit Committee and Sustainability Committee. Each identified risk is the responsibility of a dedicated risk owner who develops a risk response strategy.

17.9

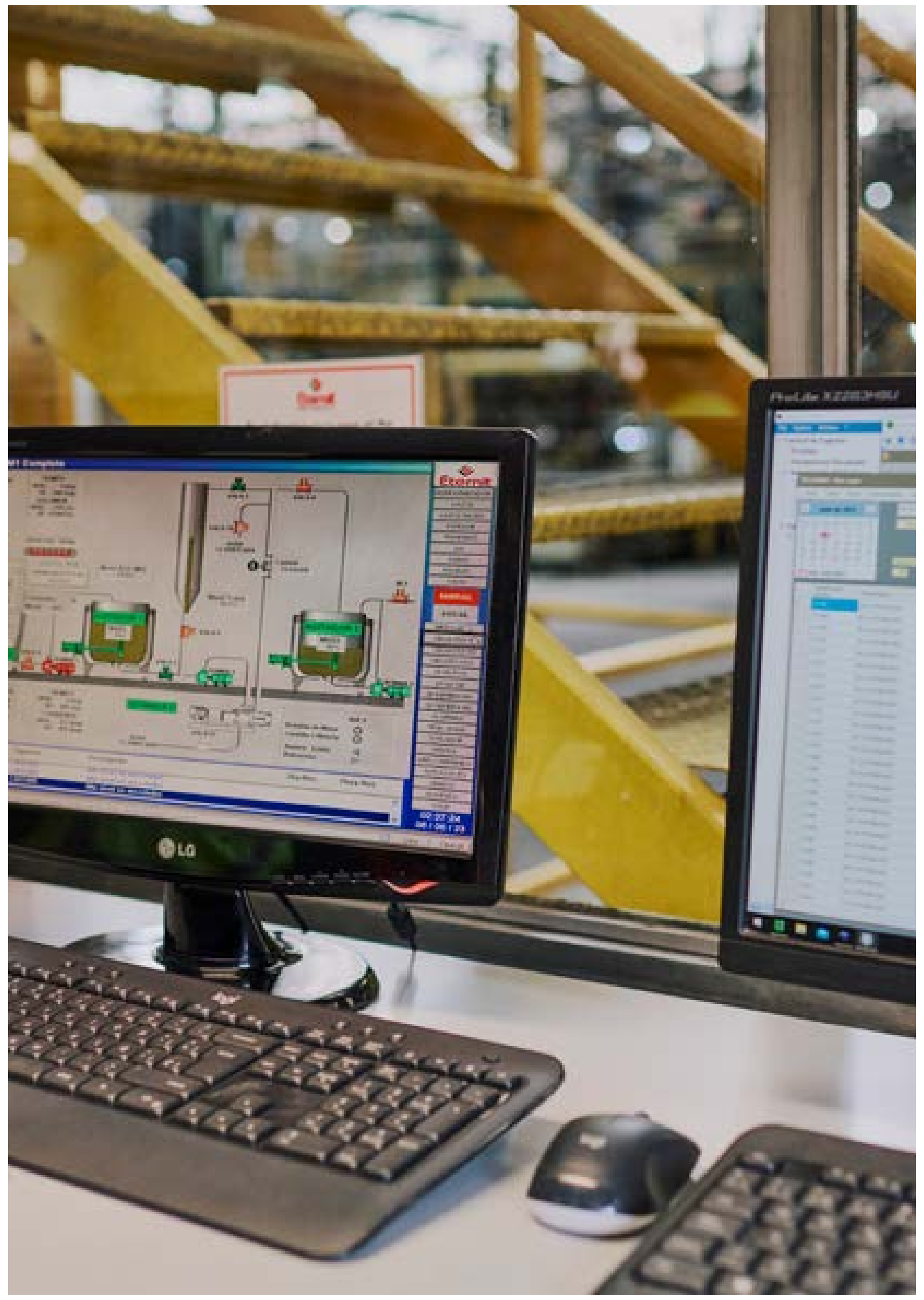
Etex's ESG Sustainalytics Risk rating indicates low risk as from December 2023 based on Morningstar Sustainalytics assessment.

In the top 10% in the Building Products industry group.

Main risks

The main risks that Etex has identified and is actively working to mitigate are as follows:

Name	Definition	Priority
Cyber security	Emerging threats of cyber security.	**High**
Raw materials, water and energy sourcing	High dependency on unique suppliers for some raw materials. Challenge to source adequate quality and quantity of certain raw materials.	**High**
Geopolitical Instability	Exposure to geopolitical instability due to presence in countries/regions prone to insecurity, social unrest, political uncertainty.	**High**
Strategic production plants	Continuity of Etex's operations jeopardised due to disruption of activities at its strategic production plants.	**High**
Sustainability related risks	Challenges ahead in achieving targets and implementing the sustainability roadmap.	**High**
Skilled labour scarcity	Failure to attract and retain teammates (both factory and office workers) with the right competencies and skills – extended to the construction sector (Etex customers).	**Medium High**



Our growth strategy

Sustainability lies at the heart of our strategy. We offer solutions towards net-zero with our products and core strengths: resources, strategy, talent and drive. We develop through organic growth, as implemented in the business and through acquisitions.

Our strong ambition is visualised in our strategic framework. We lead in five platforms supported by four strategic drivers to deliver customer-centric sustainable solutions. Our Road to Sustainability 2030 adopts a long-term perspective and sharpens our minds.

Five platforms


Gypsum


Fibre cement


Passive fire protection and High-performance insulation


Insulation


Systems and Solutions

- **Accelerate innovation** for growth and sustainable development
- **Manage** overall product portfolio
- Organic and inorganic **growth roadmap**
- **Pricing strategy**
- Go-to-**market** roadmap
- **Product** marketing and communication
- **Sustainability** and Innovation roadmap

Four strategic drivers

Engaged people

Our teammates are the starting point of everything we do, guided daily by shared values. We encourage them to develop their full potential and we welcome new talent.

Operational excellence

As manufacturers in heart and soul, we focus on continuous improvement and safety. We ensure that our factories are future-proof to meet the needs of the world with high-quality solutions.

Customer orientation

We are deeply committed to our customers and foster strong ties with partners. We enhance our commercial effectiveness by harmonising business models across all markets and improving digital solutions.

Sustainability and Innovation

Our lightweight solutions are designed to be sustainable at their core yet we take responsibility for innovating while reducing our footprint and integrating circularity wherever we can. We create a safe environment where all teammates feel included.

Road to sustainability 2030

These are the workstreams on which we have dedicated commitments.

Health, Safety and Well-being

Customer engagement

Diversity, Equity and Inclusion

Circularity

Water and Biodiversity

Decarbonisation

Road to Sustainability 2030

Sustainability is present at all levels of our organisation. It is Etex's guiding compass for how we do and transform the business. Launched in 2022, the Road to Sustainability 2030 is an ambitious plan in line with our material topics, with clear targets.

We set our ambitions and built workstreams around them. In 2020, Etex became a signatory of the United Nations Global Compact (UNGC) for sustainable and responsible business practices. Etex has also committed to supporting the United Nations 17 Sustainable Development Goals (SDG) by implementing concrete projects and initiatives.

We use proven business sustainability ratings and GRI reporting standards to assess its status and progress. Etex is also taking steps towards CSRD compliance.

Our priority areas and targets.

Road to Sustainability 2030

OUR DAILY GOALS

Health, Safety and Well-being.

- **Zero fatalities.**
- **Zero harm.**
- **Zero burnouts.**

GOALS FOR 2025

Customer engagement.

- Build a **sustainable roadmap per technology platform.**

Diversity, Equity and Inclusion.

- Cover all teammates with **Diversity, Equity and Inclusion policies, procedures and practices.**
- **Train all teammates** on diversity, equity and inclusion.
- **Ensure pay equality.**

GOALS FOR 2030

Circularity.

- Use **more than 20% of circular input as raw material**[1].
- **Zero waste sent to landfill.**
- Reduce plastic packaging by **20% and use recyclable plastic only**[1].
- Offer a **take-back service** for our product portfolio in **80% of our European countries.**
- Invest **50%** of our innovation resources in **sustainability.**

Water and Biodiversity.

- Cover 100% of our **sites with water management plans** by 2027.
- **Reduce our water withdrawal** intensity by 20% by 2030[2].

Decarbonisation.

- **Reduce greenhouse gas emissions intensity by 35%** (CO_2e emissions of Scopes 1 and 2).

[1] Compared to the 2018 baseline.
[2] Compared to the 2022 baseline

Towards net-zero with our products

Etex is an agent of change in the sustainable building sector, committed to combatting climate change by joining forces and focusing on the core strengths of our products.

An integral part of this is Etex's lightweight construction. It offers effective benefits for carbon reduction, circularity and longevity compared to traditional construction methods.

Lightweight construction solutions are:

~15-45%
less emission-intensive to produce

~7x better
insulated than traditional materials

Fire safety
fire safety improved

Recyclable
more recyclable: for example, gypsum is indefinitely recyclable

Two times
faster to build

Flexible
more flexible and adaptable, increasing the useful life of existing buildings

Engaged people

Playing as one team

Our Etex culture is all about engaging with teammates through our Etex values. In this spirit, we strive to create an inclusive work environment with equal opportunities and zero tolerance for discrimination, which is stipulated in our Code of Conduct and our commitment to Diversity, Equity and Inclusion. When we collaborate and engage as true Etex teammates, we act faster, serve our customers better, and find the best approach to global environmental and societal challenges. Together we build a better and stronger Etex for teammates and the world around us.

Future Talent Programme in Belgium and France

Thanks to the dedication and collaboration of our teammates, living the Etex values, we came out strong in 2023 despite a challenging environment with a downturn in demand and capacity. We welcomed more than 700 new hired teammates through four acquisitions, further enhancing our product portfolio and our commitment to sustainability.

Achievements in 2023

Teammate engagement

- Following the results of our global Me&Etex engagement survey in 2022, we identified four **key priorities to focus** on, for which we developed clear initiatives that we worked on globally. These priorities are Change management, Leadership, Customer orientation and Diversity, Equity and Inclusion. These global initiatives complement the more than 1,256 local actions recorded.
- We **encourage everyone to share their testimonials**, which are published online as Teammate Stories. Such stories of success and experiences have inspired others in their work and personal lives.
- We are excited to **connect with our new teammates** from Denmark and Poland (Skamol), United Kingdom (Superglass), Poland (SCALAMID) and Australia (BGC). These additions to our team bring new skills, diversity and opportunities.
- Our virtual **Global Induction Programme**, which celebrated its tenth edition in July 2023, brought 259 teammates together to learn about who we are and what we do for our customers and the world.

Talent and Development

- Learn, grow and lead are the three pillars of our **Talent and Development programmes**, enriching personal and professional growth at all levels.

  We enhanced the user experience of our online learning platform **Talent2Grow** and piloted a new course creator tool. This allows us to increase our e-learning programme on functional development, amongst other things. In total, teammates spent more than 38,000 hours on Talent2Grow.

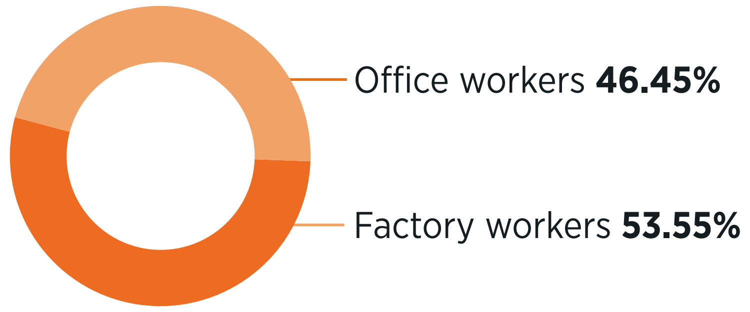
  4,189 hours were spent on group initiatives such as Lead to Inspire, Development Booster, Leadership Essentials, Business orientation programmes, Global induction and Well-being sessions.
- Talent acquisition was a highlight in 2023, creating our own recruitment capabilities to identify the right talent that will thrive in our organisation and to improve the candidate experience throughout the process. Alongside this, we continued to work on our Employee Value Proposition, specifically around our sustainability proposal and how to further position Etex as an attractive place to work.

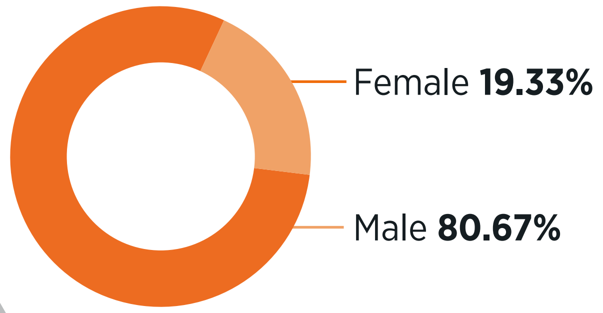
13,500
Teammates

700
New teammates

101
Nationalities

7.68 year
Median tenure





ROAD TO SUSTAINABILITY 2030

Diversity, Equity and Inclusion

We are convinced that reaping the benefits of our global organisation and tapping into the full potential of our diverse teammates, thoughts, and ideas through an inclusive environment with equal opportunities for all will give Etex a competitive edge resulting in sustainable business growth, enabling us to maximise performance and innovation, and become an employer of choice.

In addition to our progress on our goals, we built a global Diversity, Equity and Inclusion (DE&I) ambassador community with 110 volunteers from 26 countries. Multiple local initiatives took place, including awareness workshops, fairs, enhancements of local policies, local events and the creation of local and regional DE&I ambassador communities. As regards pay equality, we continued to work on the building blocks to promote transparency.

SPOTLIGHT ON DIVERSITY, EQUITY AND INCLUSION

In Latin America, a roadmap is in place to translate our commitment to concrete actions. As a result, 91 local ambassadors have signed up to support the region. A series of 26 DE&I awareness workshops took place in five countries with the participation of 663 teammates, all contributing to building a more inclusive work environment.

Progress on our Road to Sustainability 2030

Goals for 2025	Status at the end of 2023
Cover all teammates by Diversity, Equity and Inclusion policies, procedures and practices	• We rolled out our DE&I policy and commitment in 19 languages. • We updated our global recruitment policy.
Train all teammates on Diversity, Equity and Inclusion	• We educated more than 4,600 office-based teammates on unconscious bias. • 475 hours of training for global DE&I ambassadors.
Ensure pay equality	• We applied the global grading methodology across the organisation. • We implemented standardised job description templates. • We set up a grading governance.

Culture of recognition

- We continued to recognise teammates through the Etex Awards, presenting 3,219 awards in total: the **Etex Impact Awards** for outstanding performance, the **Etex Excellence Awards** for a significant material and financial impact and our **CEO Award** for a game-changing contribution.
- In 2023, the latter was won by the Export Team of the Exteriors division which comprises 25 teammates across Belgium, Malaysia, France, Italy and Chile.

OUTLOOK FOR 2024

- Engagement will continue to be a focus with the launch of the 2024 Me&Etex engagement survey in April. This will allow us to assess progress and re-focus our efforts in line with teammate expectations.
- DE&I awareness workshops.
- Pay transparency by increasing leadership knowledge of our reward philosophy.

Operational excellence

As manufacturers in heart and soul, we focus on reinforcing Safety, Health and Well-being, as well as continuous improvement. We aim to create a company culture that allows for autonomy among our teammates, to manufacture valuable products for our customers and to achieve long-term sustainable growth.

General Acha, Argentina, Etex teammates

What is at the heart of Etex's success for well over a century? Our factories, and the teammates who work in them. Together, we are proud of the excellent building materials we provide for our customers. To meet the urgent needs of our world and secure our future, we constantly place the emphasis on improving our plants. This is why in 2023, we continued to future-proof our sites by continuously working on better practices and processes to build the Factory of Tomorrow.

Sustainability is a key element of operational excellence and improvement management.

Read more about our efforts on Decarbonisation, Circularity, Water and Biodiversity in the Sustainability and Innovation chapter.

Achievements in 2023

Building the Factory of Tomorrow

- The Factory of Tomorrow aims to transform our factories into ever **better places to work and create value**. Four pillars form the foundation of the Factory of Tomorrow: Sustainability, Health and Safety, People engagement and Leadership; Customer centricity, and Cost leadership.
- We invested a **record high capex of EUR 371 million** to improve our production sites and expanded capacity with **new production lines** for fibre cement in Ikeja, Nigeria, and for intumescent products in Filago, Italy.
- We **continued work in Bristol, UK**, which will be our largest plasterboard plant in the world, and formalised our investment for a plasterboard factory near Bucharest, Romania, which is expected to come into operation in 2025.
- **Efficiency resulted in less energy use and considerable cost savings**.
- We dedicated significant efforts to improve and further specialise our operations teams, with **specific teams for each platform, working on their own technology roadmaps.**

EUR 371 million
Record capital expenditure

>EUR 50 million
Cost improvements

2
New production lines in Nigeria and Italy

ALL ETEX SITES HAVE DEPLOYED ACTIONS AND HAVE BEEN IMPRESSIVELY IMPACTFUL IN REALISING COST IMPROVEMENTS RANGING FROM 2% TO AS MUCH AS 5%, DEPENDING ON THE SITES.

Christophe David
Chief Manufacturing Officer

Involving teammates in continuous improvement management supported by Centres of Excellence

Our three-year master plan on the shop floor in each factory makes the Key Performance Indicators (KPI), targets and key projects for the year visible to all teammates. This is linked to the Etex Ideas app designed to accelerate performance via knowledge sharing. In 2023, 622 ideas were shared, 32 ideas copied by other sites and 29 challenges published.

Centres of Excellence teams accelerate our performance improvement by transferring our best practices into the plant and supporting them in implementing their improvement ambitions.

San Justo, Argentina, Etex teammates

ROAD TO SUSTAINABILITY 2030

Reinforcing Safety, Health and Well-being

Prioritising zero fatalities as a daily goal in our Road to Sustainability confronted the company with the need to manage safety even more intensely after two fatalities in 2023. Aiming for zero fatalities and zero harm, we invested heavily in tools and training. We recognise our responsibility to safeguard both the physical and mental well-being of our teammates.

- We saw great results from leaders, who made more than 72,000 safety observations and conversations directly with local teammates in the plants.
- We conducted 69 EHS site peer visits to audit and ensure that our sites were compliant with EHS standards.
- We provided 18.9 hours of health and safety training per teammate and increased our safety training offering with a 12-hour Safety Essentials course for our First Line Managers.
- We set clear targets for our Hazard Identification and Risk Assessment (HIRA) and critical standards, achieving compliance of over 86% across our sites.

In terms of well-being, we further integrated our Employee Assistance Programme into the organisation. For instance, in Tisselt, Belgium, we ran nine two-hour sessions on the service offering, case studies and open conversations with 143 factory teammates.

In addition to this, we launched a well-being calendar for the year. Each month we turn the spotlight on a certain topic, along with some inspirational reading and associated one-hour well-being sessions. For instance, in September 2023 the focus was on 'Brighten the future of a child' with reading about handling the back-to-school rush, youth and depression, and sessions on positive parenting.

SPOTLIGHT ON SAFETY, HEALTH AND WELL-BEING

To support our goal of 'zero harm', Building Performance UK developed a video campaign to re-energise its SafeStart programme and drive traction amongst teammates. The campaign achieved a 68% increase in employee engagement, and garnered 255 QR code scans, exemplifying teammates engagement with training to help them prevent accidents at work.

Progress on our Road to Sustainability 2030

Daily goals	Status at the end of 2023	2023 KPI
Zero fatalities	• We improved EHS leadership by closing gaps between actual and full implementation of critical safety standards. • We enforced actions after learning from incidents by analysing (potential) high consequence accidents. • Factory leaders increased safety observations and conversations to close the gap between work as imagined and work as done. • We rolled out the "recognition and consequence management standard" to boost safe behaviour and discipline any violation.	**2 fatalities**
Zero harm	• We implemented the Focus Plant Programme and safety taskforce to accelerate safety improvements in factories with high improvement needs. • We raised safety maturity measured by leading indicators in our Etex EHS app. • We enabled risk reduction by carrying out systematic hazard identifications and risk assessments and promoting last-minute risk assessments. • The EHS excellence tool was pivotal to collect data on compliance with our Etex standards and safety programmes and track improvement actions. • We implemented an air monitoring programme to maintain exposure below occupational limits.	**Safety intensity: 1.80 (+7% vs. 2022)** Average number of safety activities per employee per month. **Total accident frequency rate: 2.96 (-21% vs. 2022)** Frequency of lost-time and medical aid accidents per one million hours worked. **Frequency rate of lost-time accidents: 1.68** Number of lost-time accidents per one million worked hours. **Gravity rate of accidents: 0.49** **New occupational disease cases: 10**
Zero burnouts	• Over 900 teammates from 33 countries spent 1,854 hours in 62 well-being sessions, covering a range of topics, some work related, others less so, such as burnout, positive psychology, mindfulness, etc.	N/A

Supply chain

Engaging upstream

- We assess our Tier 1 suppliers by undertaking a maturity review assessment by **EcoVadis** to understand their environmental and social performance. In 2023, 1,170 suppliers in the Etex supplier network achieved an overall performance score of 57%, accounting for 40% of our purchasing spend. However, 15% of these suppliers fell below the minimum threshold (performance rating of 44), posing risks to Etex and we are conducting a corrective action mitigation plan to have them improve.
- We also ensure that our suppliers sign and comply with our **Supplier Code of Conduct** and we include sustainability criteria in our suppliers selection to evaluate their sustainability maturity and ensure transparency in our supply chain.
- We discuss and develop roadmaps with strategic suppliers with the intention of implementing more **sustainability initiatives.** This leads to a range of efficiencies, including management of the environment and ethical and social risks as well as reducing CO_2 emissions in our supply chain.

SPOTLIGHT ON SUSTAINABLE PARTNERSHIPS

- In 2023, we sourced 18% of our wood fibre supply from recycled sources for the fibre cement application, either post-consumer (e.g. used cement paper bags) or pre-consumer (e.g. cuttings and trimmings recovered from cardboard producers). Recycled fibres were mainly used in Asia, Nigeria and Latin America.
- We are collaborating with suppliers to gain access to materials with low CO_2 emissions such as green cement.
- The purchasing, innovation and Cedral product management teams coordinated the thickness reduction of our metal profile in Cedral siding from 1 mm to 0.8 mm, while maintaining required performance. As a result, Etex saves 540 tonnes of aluminium annually. This corresponds to 2.25 trillion soda cans.
- We increase the ratio of responsible forest management certified sourced for wood products (paper, cellulose) to aim for certifications such as Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).
- 100% of our foaming agent using palm oil is responsible palm oil sourcing (RSPO) certified.
- 100% of raw material using cereals such as starch come from European sources.

Engaging downstream

- Our excellence in planning means making improvements to the decision-making process based on energy supply, optimising production, costs and CO_2 emissions. We significantly **reduced our productive inventory**, achieving a 13.8% reduction in the ratio of inventories to sales, down from 14.5% in 2022.
- We integrated **sustainability elements** such as systematic water collection, energy and waste efficiencies into warehouse design. Moreover, we partner with suppliers who utilise more sustainable fuels like liquefied petroleum gas (LPG). In Building Performance Germany, 50% of the fleet used by our partners for domestic transport runs on LPG.
- The excellence in our **network optimisation and transportation** entails tracking CO_2 emissions for each shipment and identifying alternative modes of transport. In 2023, 98% of our shipments had an accurate CO_2 emissions measurement. As we aim to meet local demands at all times, we optimise supply allocation and minimise intercompany flows.
- We encourage our teammates to take the lead as regards costs, optimisation and efficiency. Leadership teams make decisions based on data through **Sales and Operations Planning** (S&OP). We share relevant data and make informed decisions to allocate production. We work on energy management and reduce uncertainty regarding actual and future costs. This not only helps us to stabilise revenue, but also to improve our environmental footprint.

OUTLOOK FOR 2024

- Continue significant investment in equipment and procedures.
- Prepare our plants for future growth and increased demand.
- Close the gap on critical safety standards.
- Resume safety audits.
- Implement more collaboration across the value chain.

Carefully managing our asbestos past

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

Asbestos through the years

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

Preventive measures

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

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

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

Stringent regulations

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

The global picture

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

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

Health provisions

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

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

Group-wide policy

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

Compensate victims

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

Prevent exposure

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

Support research

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

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

About asbestos

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

Former application of cement produced by some Etex companies

Customer orientation

We are deeply committed to our customers and foster strong ties with partners. We enhance our commercial effectiveness and commercial efficiency by harmonising business models across markets and providing digital solutions that improve the customer experience.

Desselgem, Belgium, Etex teammate

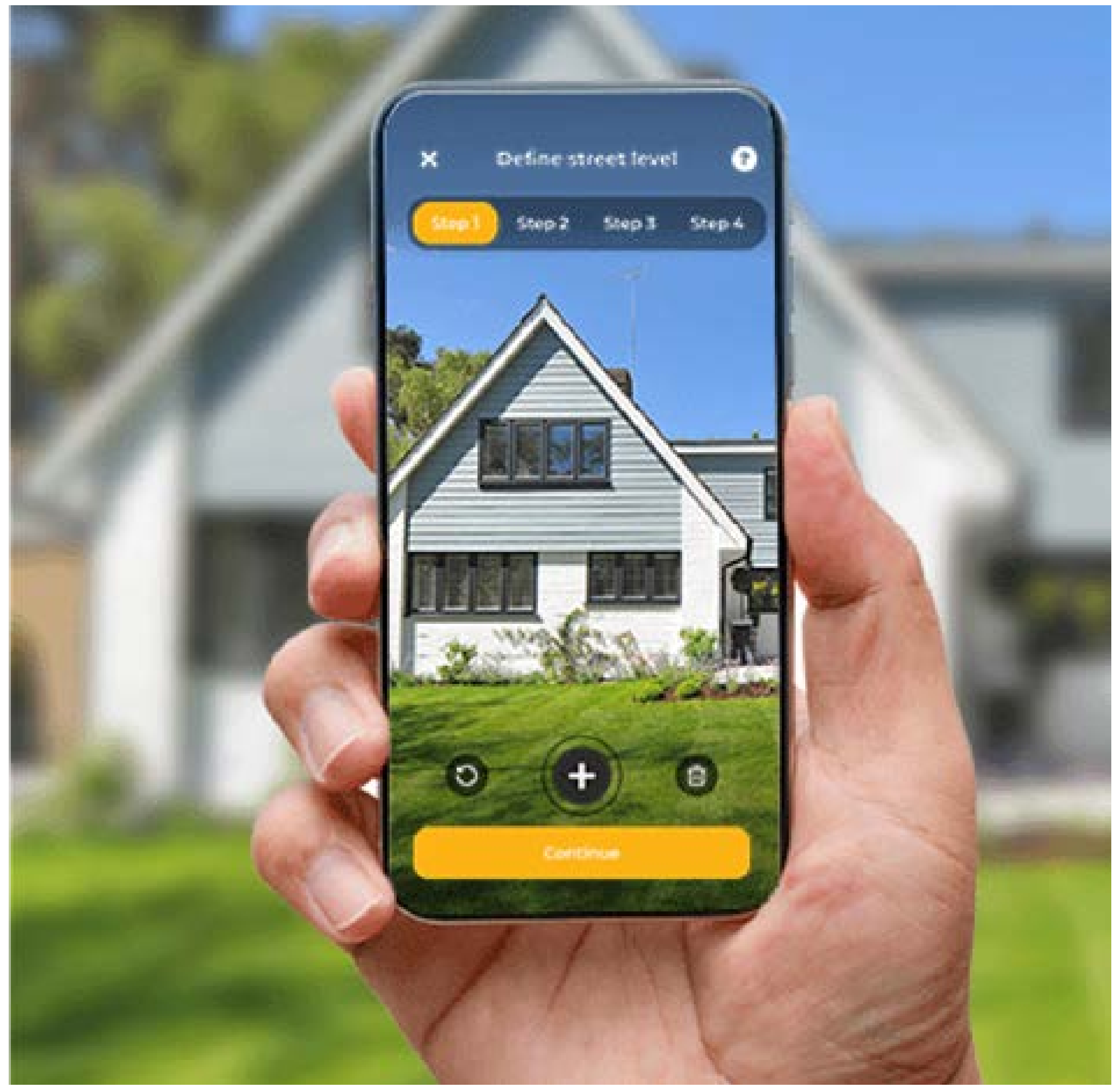
We continuously seek to improve the customer experience at every touchpoint or digital interaction with our commercial brands. Our customer-first culture and digital platforms are great assets in meeting the needs of customers. Our improved customer experience indicators were the result of sustained efforts. A volatile business context in 2023 forced us to adapt, organise better, and become even more accountable, which we did successfully. Some of today's best customer experiences address sustainability, as illustrated by some of the achievements of 2023.

Achievements in 2023

Driving customer experience

Digitalisation is an important thread in enhancing our customers' experience and satisfaction, our commercial effectiveness and commercial efficiency. We invest heavily in digital capabilities to support our human touch with digital tools. To guide them through their orders, distributors can access **My Etex**, our online customer portal. They obtain key information related to their orders, deliveries and much more in one central location 24/7. 26 countries used this solution in 2023. We saw a 25% increase My Etex users overall, and up to 50% in a number of countries.

We also expanded our global reach last year by launching our **new customer portal** for architects, installers, contractors, etc. My Promat is now available in 22 countries, My Siniat in the UK and France and My Eternit in the UK. In response to our customers' needs, in September we also updated our Cedral colours collection and provided an augmented reality app to enable homeowners and installers in 24 countries to visualise their projects.



+25%
more users of customer portal My Etex

+19
Net Promotor Score points for the Building Performance division vs. 2022

>70%
European turnover covered by **EPDs**

OUR STRATEGY IS ANCHORED ON PRIORITISING OUR CUSTOMERS, AS BASED ON EVERY NPS SCORE. IT EMBODIES OUR RELENTLESS EFFORTS TO UNDERSTAND AND EXCEED THEIR NEEDS.

Carla Sinanian
Chief Strategy Officer

Improving customer satisfaction

In 2023, we saw further impacts of the **platforms** launched in 2022 to support the divisions. These are forward-looking growth platforms, allowing us to focus on mid- and long-term growth opportunities for each of our five technologies. We also initiated quarterly strategic discussions with each platform last year. Teams draw inspiration from these to improve the customer journey in local markets. This will be continued in 2024. Customer satisfaction is one of the main topics under regular review.

- In line with our aim to improve the customer experience of doing business with us, we measure and track our own performance. An annual **Net Promotor Score** (NPS) in our largest division (Building Performance) reflects customer satisfaction, their overall experience with Etex and whether they would recommend us to others. In 2023, our NPS score improved by 19 points based on customer feedback across Europe, Latin America, Asia-Pacific, and Africa.
- We develop **Customer Centric Indices** (CCI) for our main brands. This measures satisfaction based on a fixed set of criteria and identifies areas where we can improve the online user experience. CCI helps us to define our digital strategic roadmap 2023-2025 as well as the KPIs to build our digital measurement framework.
- On top of NPS and the CCI, in 2024 we are launching the **online customer satisfaction** (CSAT) to be able to track customer satisfaction online 'in real time', understand their feedback and respond faster.
- The feedback received from NPS, CCI and CSAT is used to develop **improvement action plans**, which include clear targets and KPIs that are monitored at the individual business level. In challenging times, we want to be even more vigilant about the effectiveness of our systems. In 2024, we will continue to be mindful and ensure that every digital application and functionality we build adds value for our customers.

Increasing commercial effectiveness and efficiency

- Our internal commercial effectiveness and efficiency is illustrated by the **Etex Playbooks**. These online manuals containing sales experience from teammates, accompany our sales teams on their customer journey and serve in developing new markets.
- We want our **Customer Relationship Management** (CRM) to be the one-stop-shop for our internal team so it is at the core of integrating all customer interactions from marketing, sales and customer service to provide a 360° view, and enable us to better manage our business for growth, nurture our leads, and convert them to sales.
- We strive for **sustainable product roadmaps per technology platform** as stated in our 2025 goal in the Road to Sustainability. We align our products with standards and certification and document their sustainability performance.

ROAD TO SUSTAINABILITY 2030

Customer engagement

Our Road to Sustainability 2030 aims to boost customer engagement and grow our business. The construction industry as a whole is responsible for 26% of global greenhouse gas emissions and 98% of the materials used in this industry end up in landfills or low value applications at the end of their life cycle. With our lightweight construction solutions, we can play an important role by engaging with our customers and providing them with solutions which are sustainable, efficient, safe and beautiful.

We have worked to translate our sustainability strategy into concrete ambitions to support our commercial strategy by 2025 by taking the following steps:

- Building sustainability product roadmaps across our technology platforms, to increase our sustainable offering in systems and solutions,
- Ensuring that our European turnover is covered by Environmental Product Declarations (EPDs), in line with the high expectations of customers who want to fulfil technical requirements associated with transparent environmental considerations,
- Raising sustainability awareness, educating our stakeholders and driving sustainable change in the industry,
- Growing our take-back services for our product portfolio in our European countries.

Progress on our Road to Sustainability 2030

Goals for 2025	Status at the end of 2023
Build sustainable product roadmap per technology platform	• We started to work on localised product and communication roadmaps.
Ensure that our European turnover is covered by EPDs	• We achieved 70% of our European turnover covered by EPDs. • We continue to focus on expanding and renewing our EPDs; consequently, we increased this figure by more than 10% across Etex in 2023.
Raise sustainability awareness for our customers	• Internally, we have rolled out online and physical training sessions for our commercial and technical teams across European and Asia-Pacific countries. • Externally, we engage on this topic with customers through daily contacts, seminars and other exchanges.
Goals for 2030	**Status at the end of 2023**
Offer a take-back service for our product portfolio in 80% of our European countries	• New solutions in place in Italy, Spain and Germany, in addition to the service already provided in France, Italy and the UK for plasterboard. • Take-back service pilot in the Insulation division in 2023

SPOTLIGHT ON CUSTOMER ENGAGEMENT

In response to the escalating demand for sustainable insulation solutions in the market, our leading insulation brand URSA introduced its Lignin Technology. This innovative product maintains outstanding mechanical and insulation attributes; in addition, this new glass wool allows us to replace fossil fuel derivates with natural components. By utilising renewable wood as its primary raw material and integrating lignin binder technology, URSA Lignin Technology sets a new standard for eco-consciousness in the industry. Its introduction marks a global breakthrough in the mineral wool sector, offering a sustainable solution unrivalled by competitors.

OUTLOOK FOR 2024

- Refine the implementation of the customer journey in line with our business model per platform.
- Roll out the My Siniat digital platforms in six countries and onboard our customers on My Promat.
- Continue to implement NPS and customer satisfaction across all divisions, brands and countries.
- Launch the online customer satisfaction (CSAT) to track customer satisfaction online ‘in real time’.
- Launch new solutions (calculators, projects, building information modelling (BIM), etc.) fully embedded into Etex ecosystems to provide customers with the best experience.
- Increase the localisation of sustainable product and communication roadmaps.
- Expand EPDs to more products and solutions in other geographies.

Sustainability and Innovation

Our lightweight solutions are designed to be sustainable at their core. Through our innovation, push and capabilitities, we aim to continuously improve the performance of our products and systems in all aspects so as to respond to the needs of our customers.

Bondeno, Italy, Etex teammate

Sustainability and Innovation are integral to everything we do: our value chain, our strategy and the way we transform our business. We want to be impactful with lightweight construction solutions fit for a low-carbon and green future. We want to improve our own direct and indirect impacts.

Achievements in 2023

Sustainability

In 2023, we laid sound foundations that put us on track to deliver on our ambitions. We added Water and Biodiversity as a sixth priority area in our Road to Sustainability 2030 and set clear water goals to reduce our water withdrawal intensity.

We embedded sustainability more deeply into the business, our value chain and our mindset. This came with a battery of initiatives internally, ranging from working on communicating more openly about our ambitions to increased awareness of sustainability across Etex and externally, having a clear decarbonisation roadmap capable of meeting the Science Based Target initiative (SBTi) standards.

Our impacts:

-22.8%
Greenhouse gas emissions (Scopes 1 and 2) in absolute values vs. 2018

18 sites
sent zero waste to landfill in 2023

-3%
water withdrawal from all areas vs. 2022

4,600
teammates trained on unconscious bias in 2023

-7%
plastic usage in 2023

"OUR ROAD TO SUSTAINABILITY 2030 IS THE FORMAL START OF A LONG JOURNEY. WHEREAS IN 2022 WE SET OUR AMBITIONS, IN 2023 WE STARTED MANAGING THEM. WE LAID MORE SOUND FOUNDATIONS PER TOPIC AND DEFINED CONCEPTS. THIS TAKES TIME AND WE WILL CONTINUE IN 2024. OUR STRATEGIC FRAMEWORK HAS HELPED TEAMMATES TO SHARPEN THEIR FOCUS."

Sergio Sandoval
Group Head Sustainability

ROAD TO SUSTAINABILITY 2030

Decarbonisation

We have set an ambitious target to reduce our greenhouse gas emissions intensity (CO_2e emissions of Scopes 1 and 2) by 35% by 2030 compared to our 2018 baseline. To achieve our target, we developed an extensive decarbonisation roadmap in 2022, focusing on short-term energy efficiency projects and long-term transformative carbon excellence initiatives. We have the tools and the capabilities to support this transition. We maintain a dual focus: reducing our emissions across our entire value chain and designing low-carbon products and solutions that help our end-customers to reduce their impact throughout the daily use of the buildings.

In 2023, our absolute energy consumption and emissions intensity increased as a result of the full integration of URSA (recognised for seven months in 2022) and additional sites gained from acquiring Superglass and Skamol. The second effect is due to the decline in volumes in the second half of the year, as glass wool plants consume energy even when idle. On the other hand, we doubled our photovoltaic (PV) capacity to 15 MW across 12 sites, generating 20 GWh annually (2% of the total electricity consumption), and avoiding 5,000 tonnes CO_2.

In order to enhance our commitment, in early 2024 we signed the Antwerp Declaration calling for a European Industrial Deal and applied to the Science Based Target initiative (SBTi) commitment to align our emission reduction targets for Scope 1, Scope 2 and Scope 3, to their standards.

Progress on our Road to Sustainability 2030

Goals for 2030	Status at the end of 2023	2023 KPI
Reduce greenhouse gas emissions intensity (CO_2e emission of Scopes 1 and 2) by 35%		**Scopes 1 and 2 GHG emissions intensity: 0.137** tonnes CO_2e per tonnes of sellable finished goods produced (+10% vs. 2022). **Scopes 1 and 2 GHG emissions: -22,8%** in absolute values vs. 2018.
	Scope 1 (23.7% of our total emissions): Emissions from sources we own or control e.g. gas, fuel. **Energy efficiency** • We identified and implemented 277 immediate actions in our plant network to reduce energy consumption resulting in savings of EUR 10,8 million. • We established more partnerships to purchase steam, heating and cooling for own use with a better footprint. • We implemented an automated energy tracking tool in our plasterboard plant in Corfinio, Italy and aim to expand it to other plants. **Design low-carbon products** • We launched an ambitious plan to reduce the CO_2 impact of the cement utilised in our European fibre cement factories. We aim to achieve a reduction of more than 30% in Europe by 2030, with an initial implementation phase scheduled for 2024 in plants in The Netherlands and France.	**Scope 1 GHG emissions (tonnes CO_2e): 870,447** (+4.6% vs. 2022) **Total energy consumption: 5,525.897 GWh** (+5% vs. 2022). Due to the full integration of URSA and the acquisition of Superglass and Skamol. • Total fuel consumption: 4,575.175 GWh (+3.8% vs. 2022) • Total heat consumption (purchased): 117.272 GWh • Total electricity consumption: 833.450 GWh
	Scope 2 (4% of our total emissions): Emissions from electricity and purchased heat or steam. Renewable electricity: We aim to secure 100% certified renewable electricity for all our plants by 2030. • We maintained the share of renewable electricity at 60.9%, almost the level of the previous year, i.e. 62.7%, despite the full integration of URSA and acquisition of Superglass and Skamol. • We started to sign the first power purchasing agreements (PPAs) in Europe. • We enabled the generation of renewable electricity through new solar installations in Altona, Australia, and Vitry-en-Charollais, France. Etex has equipped 12 sites with PV installations and plans to include more sites in 2024 and double capacity within three years.	**Scope 2 GHG emissions market-based (tonnes CO_2e): 148,471** (-0.22% vs. 2022) • Green electricity produced and purchased per total energy consumption: 60.9% (-13% vs. 2022). • Location-based: 222,396 t CO_2e
	Scope 3 (72.3% of our total emissions): Indirect emissions from our value chain. • We undertook an initial analysis of Scope 3 emissions, identifying cement, metal, paper and transport as the top four causes, responsible for more than 60% of our emissions in Scope 3. • We moved to environmentally responsible sourcing methods and introduced reuse and recycling after the use phase. • 1,170 suppliers were evaluated on environmental maturity through EcoVadis assessment.	**Scope 3 GHG emissions (tonnes CO_2e): 2,658,553** (+12% vs. 2022)

SPOTLIGHT ON DECARBONISATION

- In early 2023, we set an internal goal of 2% energy reduction, as well as a reduction in emissions intensity in the heavy process environment of our plants, which has already been optimised. It has helped us to realise just that, beyond our expectations. The energy stretch target was achieved in Gacki, Poland, Ferrybridge, UK, and Hartershofen, Germany.
- Decarbonisation is a collective endeavour at our plasterboard plant in Auneuil, France. We upgraded the dryer by installing a new generation model that improves energy efficiency by 10% and reduces CO_2 emissions by 5,900 tonnes, accounting for 20% of site emissions. In addition to this, we implemented 15% recycled gypsum in our operations. Collaborating with a specialised company, we aim to boost recycled material usage to 30%, achieving additional savings in transporting recycled gypsum to the plant. In parallel, we signed a local partnership to generate caloric value from residual waste rather than using natural gas. This will lead to a strong reduction of our CO_2 footprint.
- We acquired Skamol and decided to invest in a low carbon future for its calcium silicate plant in Branden, Denmark. This plant is cutting its absolute emissions by 43% vs. 2022, a significant reduction in its carbon footprint through major electrification of part of the plant, using green energy and innovative technology – a total investment of EUR 9 million. This is a significant step towards more sustainable production processes, cementing our position as a leader in responsible high-temperature insulation.

ROAD TO SUSTAINABILITY 2030

Circularity

Raw materials are among the ecosystem services on which we depend. The amount of raw materials and waste generation are two pressing challenges we want to address. Our Road to Sustainability 2030 focuses on six priority areas for which we indicate our progress in 2023. Our circularity roadmap shows our step-by-step approach to working on reductions: circular content in design, zero waste sent to landfill, take-back and reuse, and innovation. We undertook an in-depth analysis of our plastic usage and were able to remove plastic packaging for several product lines. This also helped us to refine and review our ambition and introduce a focus on recyclable plastic.

SPOTLIGHT ON TAKE-BACK OFFERS

- In 2023, we initiated more take-back offers for plasterboard after the use phase at local business level. Good practices are being developed in Italy, Germany and Spain. This entails more than a simple take-back offer for product retrieval, even though we make sure to propose several ways in which used product can be picked up. We also offer value by processing this used product and reusing it as secondary raw materials.
- Etex leads the field as regards take-back offers in Europe. As an example, in Italy, the 'PregyGreenService' provided by our brand Siniat helped installers and contractors to easily dispose of 20,000 tonnes of plasterboard waste in 2023, addressing compliance challenges and environmental criteria. This service includes pick-up, transportation, recycling, with additional support for retailers in waste collection management. Our commitment to circularity has been acknowledged with awards in Recycling and Circularity.

SPOTLIGHT ON PACKAGING

- Promat significantly reduced the use of plastic packaging. At our passive fire protection plant in Dubai, UAE, we eliminated 84% of plastic by replacing plastic bags containing our cementitious sprays with recycled paper packaging. In our microporous plant in Sint-Niklaas, Belgium, we eliminated 78% of plastic by replacing plastic packaging with recycled cardboard and paper packaging.

Progress on our Road to Sustainability 2030

Goals for 2030	Status at the end of 2023	2023 KPI
Use >20% of circular input as raw materials	• At the end of 2023, we stood out as the top performer in Europe with: - >11% recycled gypsum, standing at 8.6%, and used 44% more gypsum waste compared to our 2018 baseline. - >75% recycled glass and >47% recycled polystyrene.	**Recycled input: 7.6%** (+29% vs. 2022)
Reduce plastic packaging by 20% and use recyclable plastic only	• Plastic reduction project implemented in several countries. • A plan for a reduction in plastic intensity is in place across our technology platforms.	**Plastic usage: -7%** vs. 2022* *No reporting is in place yet for plants in Latin America and Africa.
Offer a take-back service for our product portfolio in 80% of our European countries	• New solutions in place in Italy, Spain and Germany, in addition to the service already provided in France, Italy and the UK for plasterboard. • We introduced a take-back service pilot in the Insulation division.	N/A
Zero waste sent to landfill	• 18 production sites sent zero waste to landfill. • We lay down clear and comprehensive guidelines for waste and recycling reporting.	**Waste to landfill: -5% in absolute values vs. 2022** (-16% on unchanged scope) **Waste to landfill: -28% in absolute values vs. 2018** (- 30% on unchanged scope)
Invest 50% of our innovation resources in sustainability	• 59% of our Research and Development (R&D) projects focused on sustainability, aiming to reduce CO_2 emissions and raw material consumption.	N/A

ROAD TO SUSTAINABILITY 2030

Water

At Etex, water is used as input material in our fibre cement, gypsum, calcium silicate and insulation products manufacturing processes. In 2023, we added Water and Biodiversity as a sixth priority area in our Road to Sustainability 2030 and have set clear targets to reduce our water withdrawal intensity. Water usage and requirements differ according to the specific product being manufactured.

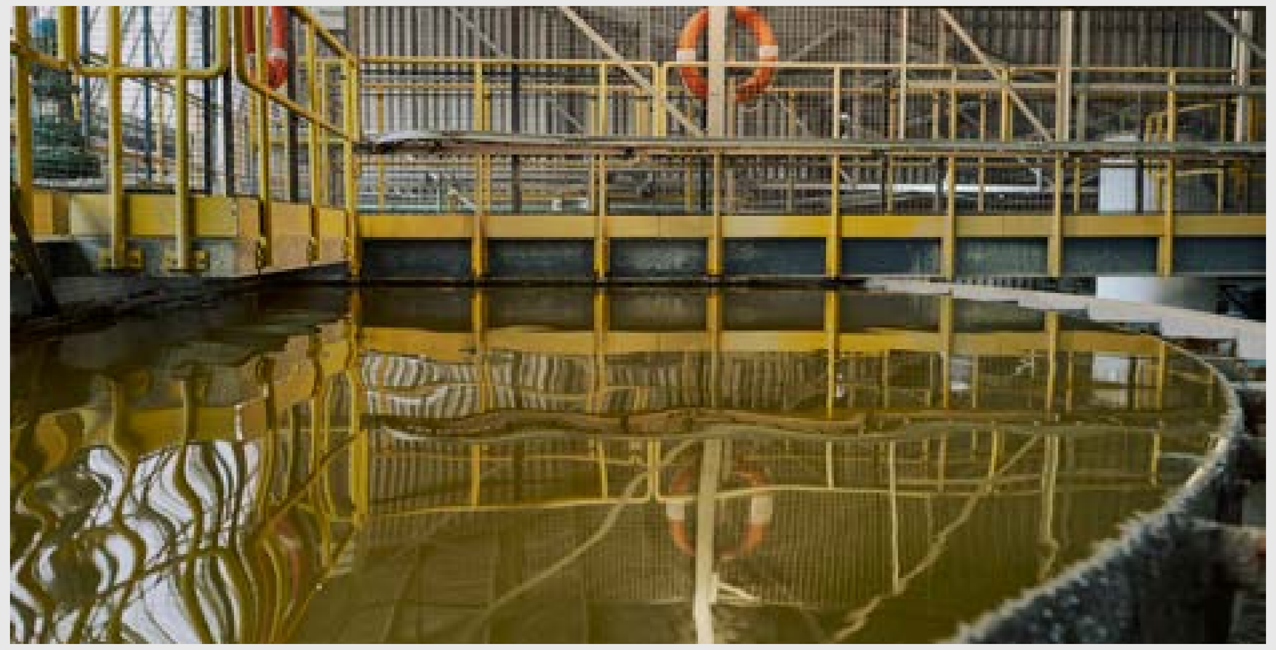
In August 2023, we released our first Water policy summarising our commitments. We also conducted water risk assessments for each of our locations, gathering all data centrally. This allowed us to clearly prioritise our sites.

In order to make the Water policy even more tangible, the following water targets are now included in our Road to Sustainability 2030:

- Cover 100% of our sites with water management plans by 2027.
- Reduce our water withdrawal intensity by 20% by 2030 (vs. our 2022 baseline).

SPOTLIGHT ON WATER INITIATIVES

- **We are reducing our freshwater withdrawal by opting for alternative water sources. Our plasterboard plant in Saint-Loubès, France, concluded an agreement with a local wastewater treatment plant to use recycled treated wastewater for more than two thirds of its actual water needs in combination with rainwater.**
- **Six of our plasterboard plants started using an innovative water reducing agent (super-fluidiser) allowing us to reduce the demand for water in the stucco hydration process by up to 8% for certain products.**
- **At our plasterboard plant in Auneuil, France, we increased rainwater storage capacity by 30%, securing 50% of our total water supply from rainwater.**
- **At our fibre cement plant in San Justo, Argentina, we implemented two additional water recycling systems – reverse osmosis wastewater reuse and cooling water recycling. This has enabled the plant to improve its water efficiency by 40%.**



Progress on our Road to Sustainability 2030

Goal for 2027	Status at the end of 2023	2023 KPI
Cover 100% of our sites with water management plans by 2027	• We set targets to ensure that by 2025, 100% of sites facing a high-water risk will have water management plans starting with one pilot plant per technology platform in 2024. These plans are established based on the prioritisation of sites within areas of high and extremely high-water stress, along with internal water risk assessments.	N/A
Goal for 2030	**Status at the end of 2023**	**2023 KPI**
Reduce our water withdrawal intensity by 20% by 2030	• We have identified several ways of reducing the impact of freshwater withdrawal at our plants and the first initiatives have been deployed. They range from technical (e.g. new equipment), product-related (e.g. board specifications such as thickness and weight) and their recipes (innovation), optimisation (process improvements and modifications), recycling and recovering solution or water source substitutions.	• **Total water withdrawal intensity**: **0.78** m^3 per tonnes of sellable finished goods produced (0% vs. 2022). • **Total water withdrawal volumnes in absolute values: 5,871 megalitres** (-3% vs. 2022). • Water withdrawal volumes in absolute values and by source: - Third-party water: 2,333.68 megalitres - Ground water: 2,183.95 megalitres - Surface water*: 1,353.37 megalitres

*This includes rainwater. At Etex, we aim to increase the rainwater use ratio and track the volumes of rainwater collected and used at our plants around the world more efficiently.

ROAD TO SUSTAINABILITY 2030

Biodiversity

We understand the impact that our quarries and manufacturing sites have or can have on living ecosystems and biological diversity. In our Biodiversity policy published in 2022, we committed to mitigating our impact and introducing biodiversity management at all our sites and in 2023, and we reinforced our commitment by adding Water and Biodiversity as a sixth priority area in our Road to Sustainability 2030.

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

❯ Hartershofen, Germany, restored quarry next to plant

In 2023:

- We conducted the first extensive biodiversity data collection in our quarries covering species and habitats inventories, presence of protected areas, applicable legislation, existing environmental studies and impact assessments and planned management actions.
- We performed three pilots as initial biodiversity risk and opportunity assessments at our manufacturing plants and drew up internal guidelines for such assessments at our plants, contracting biodiversity experts for assistance.
- We became a member of the European Union's Business & Biodiversity Platform set up by the European Commission.

As of 2024:

- We will ensure adherence to the principles outlined in the 'Extractive Sector Species Protection Code of Conduct' endorsed by BirdLife Europe, Cembureau, Eurogypsum, and UEPG. Our focus is on biodiversity management across the entire quarry lifecycle paying special attention to temporary habitats created by our activities.
- We will systematically monitor specific bioindicators at our quarries.

SUSTAINABILITY OUTLOOK FOR 2024

- Embed sustainability more deeply into the business.
- Reinforce data management to ensure continuous improvement and monitor our progress.
- Accelerate the standardisation of on-site water data collection processes via appropriate metering devices.
- Issue a global water management standard.
- Implement full circularity reporting.
- Set targets for biodiversity management.
- Complete double materiality assessment and fill the gaps from GRI to CSRD compliance.
- Initiate commitment to the Science Based Target initiative (SBTi).

Innovation

Innovation is an essential lever for business growth. We innovate in line with our customers' needs and dynamic market demands, constantly prioritising sustainability.

We focus our innovation around four key pillars: circularity, decarbonisation, industrial excellence and portfolio leadership. To achieve our ambitious targets:

- We invest more than EUR 25 million annually in innovation. A substantial proportion of our capital expenditure is sustainability-driven and we invest more than 50% of our resources to innovation in sustainability, as part of our Road to Sustainability ambitions,
- We collaborate with more than 160 teammates in seven Innovation Technology Centres (ITCs) supporting our five global divisions,
- We have a dedicated team of sustainability assessment experts, ensuring that sustainability is embedded in all our research and development activities,
- We actively support external collaboration and participate in two EU-funded collaborative projects. With our open innovation platform, we also continuously engage with outside innovators and partners.

In 2023:

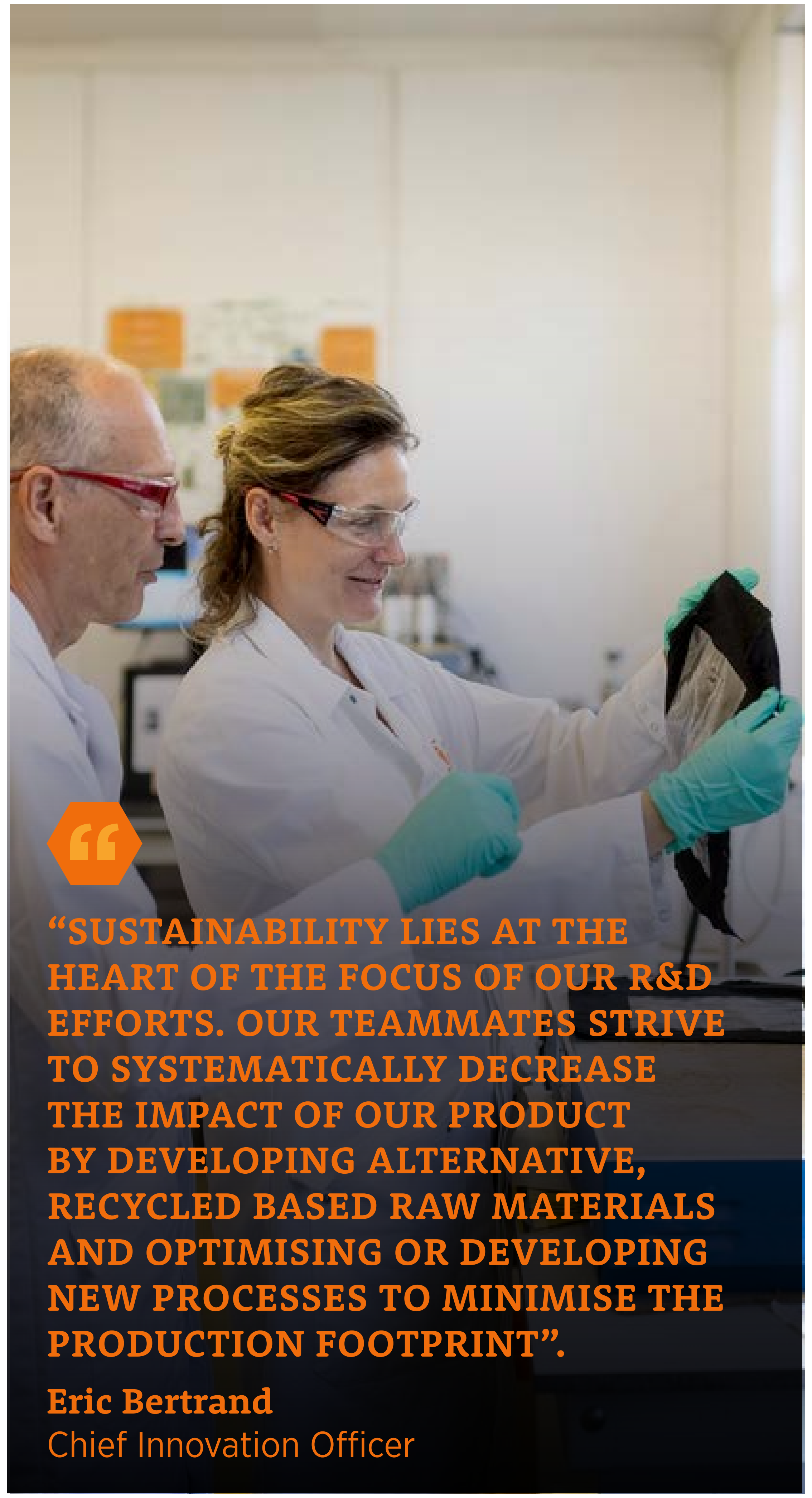
- We developed and implemented inhouse mixer technology across several plasterboard plants in France, Poland, Spain and Germany, contributing to energy and water savings. This technology will be extended to six additional plants in 2024,
- We allocated 59% of our Research and Development (R&D) resources on sustainability, aiming to reduce CO_2 emissions and raw material consumption,
- We launched an ambitious plan to reduce the CO_2 impact of the cement utilised in our European fibre cement factories. We aim to achieve a reduction of more than 30% in Europe by 2030, with an initial implementation phase scheduled for 2024 in plants in The Netherlands and France.

SPOTLIGHT ON INNOVATION

- In Care Technology is a patented marvel grounded in a mineral biocide serving as an inactivation enabler. An entire glass mineral wool fibre mat is turned into a defence against the development of microbes. In Care Technology guarantees indoor air quality, particularly in vital high-sensitivity environments such as schools, healthcare facilities and high-traffic areas with numerous ventilation ducts.
- Promat developed a unique and efficient Building Information Modelling (BIM) toolbox for designing buildings with passive fire protection solutions. Led by our dedicated Research and Development team, this initiative is a collaboration with esteemed external BIM developers and leading research institutes. The project has been subsidised by the Flemish Government in Belgium, allowing us to make a visionary leap into the future of architectural ingenuity.
- Etex partnered with suppliers and forward-thinking startups to elevate sustainability standards by encouraging the use of cement enriched with supplementary cementitious materials. As recycling fibre cement products is no easy feat, we are pioneering a recycling programme currently in its pilot phase, set to be officially launched in 2025.

INNOVATION OUTLOOK FOR 2024

- Continue to minimise the footprint of our products by incorporating additional circular raw materials in our fibre cement and calcium silicate plants.
- Extend and promote the usage of our external gypsum board, as it offers a sustainable alternative to traditional façade construction methods.
- Continue the development of new technologies to reduce energy and water needs of our processes.



"SUSTAINABILITY LIES AT THE HEART OF THE FOCUS OF OUR R&D EFFORTS. OUR TEAMMATES STRIVE TO SYSTEMATICALLY DECREASE THE IMPACT OF OUR PRODUCT BY DEVELOPING ALTERNATIVE, RECYCLED BASED RAW MATERIALS AND OPTIMISING OR DEVELOPING NEW PROCESSES TO MINIMISE THE PRODUCTION FOOTPRINT".

Eric Bertrand
Chief Innovation Officer

Activity report

How we performed

Our five divisions experienced different levels of success and performance in 2023. While it was a challenging year marked by volatility, uncertainty and sharp falls in demand across the world, three of our divisions recorded revenue growth.

- Building Performance
- Exteriors
- Industry
- Insulation
- New Ways

Doorn, The Netherlands, Siniat LaDura Premium plasterboard, Revius College

Building Performance

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

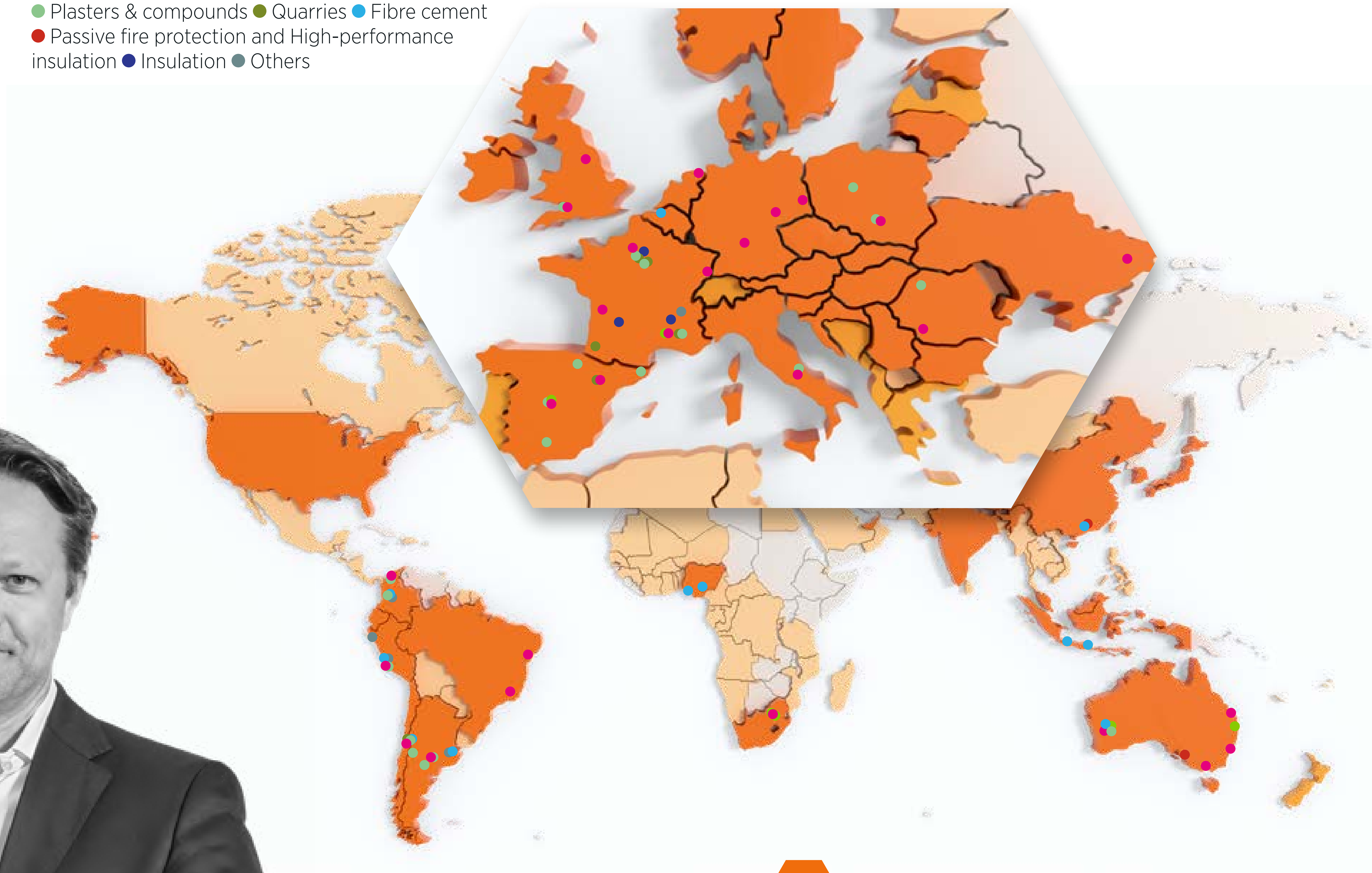
Durlock
Gyplac
Kalsi
Promat
Siniat
Superboard

› Cologne, Germany, Siniat gypsum ceiling materials, Orchestra Rehearsal Centre

Highlights

- Profitability up, market shares stable
- Strategy and value creation plan set
- Industry leadership in recycling extended: new local partnerships developed
- Huge success in carbon footprint reduction: efficiency gains in factories
- Enhanced capabilities of local business leaders through 'Way Forward' transformation programme

● Plasterboard ● Metal profiles
● Plasters & compounds ● Quarries ● Fibre cement
● Passive fire protection and High-performance insulation ● Insulation ● Others



Category breakdown

- **Plasterboards and fibre cement solutions for internal and external applications**
- **Passive fire protection systems**

Market drivers

- New build markets and interest rates
- Renovation and modernisation
- Sustainable construction dynamics

Industry trends

- Meeting building regulations in sustainability and fire safety
- Customer-focused value and services
- Digitalisation

Jochen Friedrichs
Head of Division
Building Performance

“

BY COMMUNICATING CLOSELY WITH OUR CUSTOMERS IN A VOLATILE MARKET, WE GAVE THEM THE SECURITY SUPPORT THEIR BUSINESSES IN THE BEST POSSIBLE WAY AT ALL TIMES. THIS LED TO A GREAT IMPROVEMENT IN CUSTOMER SATISFACTION.

Performance in 2023

Revenue

Building Performance registered a like-for-like revenue increase of 4.2% to reach EUR 2,381 million, a strong performance achieved by managing headwinds well and clever optimisations, which offset the impact of lower volumes.

Management insight

2023 was marked by the extremely variable macroeconomic context – rising interest rates and lower building activity. Currency and fiscal insecurities were additional factors which the division had to deal with in Nigeria and Argentina. This affected demand while costs kept rising and skilful agile adaptation was required. The division was well prepared to cope with these changes through the necessary adaptations, including via innovation and new markets.

+19

Points for the Net Promotor Score of the division vs. 2022

Performance

In 2023, Building Performance became more impactful as a management team and organisation through a robust approach laying down clear roles, strategies, priorities and impact orientation for the next five years.

The division enhanced the capabilities of its local business leaders and invested a lot of time in gaining a better understanding of customers, visiting them intensively throughout the year. As a result, variances between different continents, business models and degrees of maturity have been considered in-depth in the strategy formulation.

EUR 2,381 million

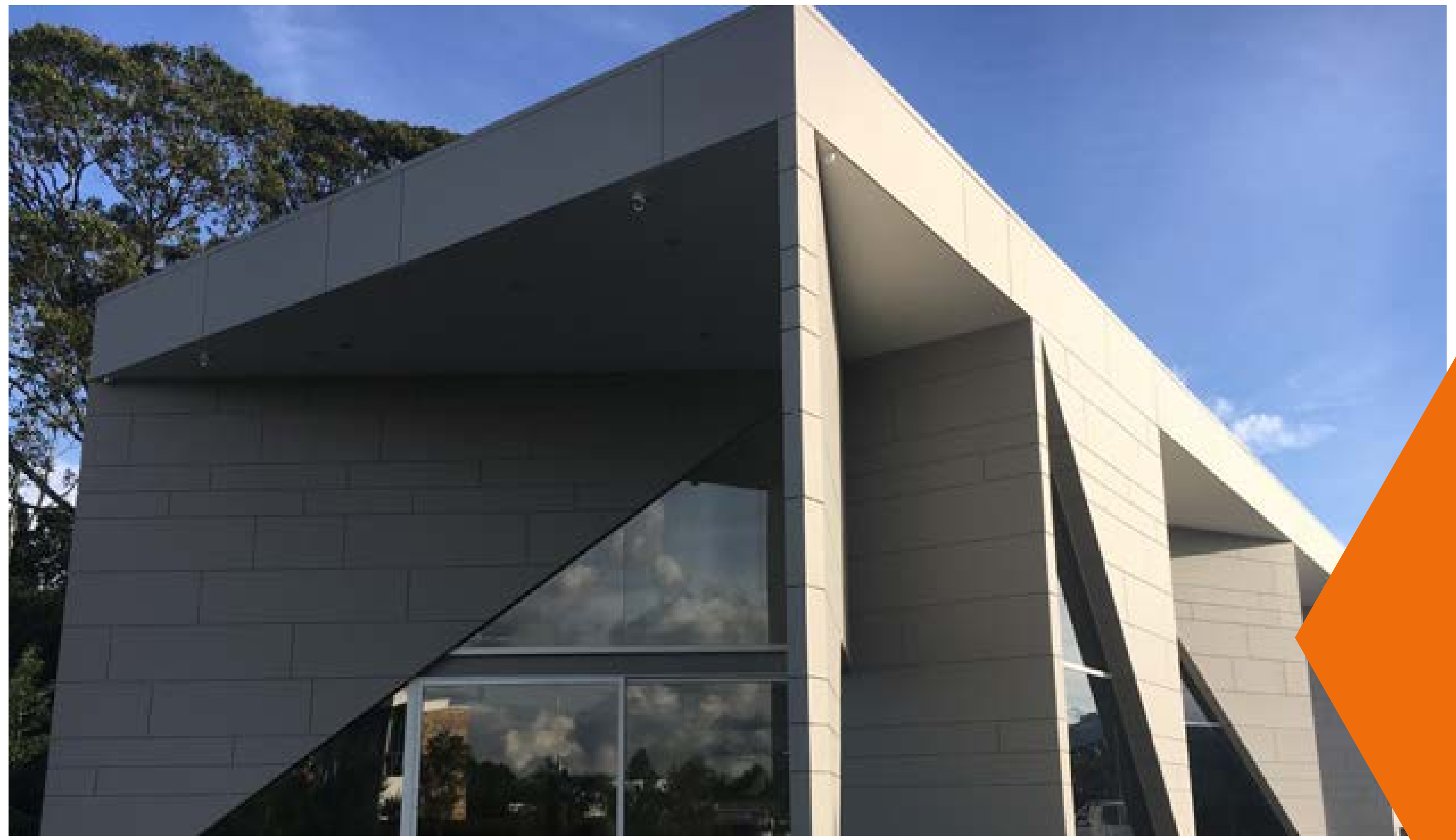
Revenue (+4.2% like-for-like vs. 2022)

OUTLOOK FOR 2024

Markets are not expected to recover quickly in 2024, although exceptions may be seen in Eastern Europe, certain Latin American countries and Asia. Inflation is expected to soften, but still leading to higher cost. In a difficult context that is likely to persist, stabilising financial performance will be the division's priority. In parallel, we will focus on implementing the long-term strategy in well-defined programmes.

We intend to prepare for a mid-term return of market growth with the opening of the new plasterboard factory in Bristol (UK), a focus on product innovation and by targeting new geographies. We look forward to strengthening our position in markets through these expansions in production, product offering and the focus on customer-relevant sustainability.

Customising our efforts will lead to further investments in solutions, commercial excellence, sustainability and the digitalisation of our business execution.



Case story

Being the only manufacturer offering an opt-in carbon neutral programme

Did you know that Etex Australia is the only manufacturer of plasterboard and metal systems in the country to offer an opt-in carbon neutral programme?

Carbon neutrality refers to a situation where the net greenhouse gas emissions of an organisation, service or a product are equal to zero. Under the Opt2Act® programme, the products opted-in are supplied carbon neutral and certified by Climate Active, an Australian Government programme that supports national climate policy.

Etex Australia is the manufacturer of Siniat products and the Opt2Act program is very easily available for a wide range of locally made plasterboard and metal products. All architects, designers and specifiers need to do to make use of the opt-in offer, is to specify Siniat carbon neutral products at the early design stage of a project. Once the products are supplied to the project site, Siniat will work with the builders and contractors to determine the exact quantity of supplied products and calculate the carbon offsets that are carefully selected to fund climate action.

The importance and relevance of Opt2Act® is highlighted by Patrick Jeannerat, Head of Carbon and Circularity with Perspektiv Australia, a strategic sustainability consulting company: "*There are several ways to prove that products have a lower carbon impact. Siniat offers the Opt2Act opt-in program, whereby customers can opt-in for carbon neutral products. Siniat also has EPDs available for their plasterboard and metal products. An EPD is an Environmental Product Declaration verified by an independent third-party that provides transparent and accurate life cycle assessment information - not just of carbon but also many other lifecycle impact categories. These offers by Siniat can really help specifiers, architects and engineers to quantify the impact by unit of product used.*"

By collaborating with Siniat and its carbon neutral products under the Opt2Act programme, specifiers and contractors reduce their building's upfront carbon emissions to meet the sustainability requirements of buildings.

Click here to discover more on Opt2Act in our case video

THERE ARE SEVERAL WAYS TO PROVE THAT PRODUCTS HAVE A LOWER CARBON IMPACT. THE SINIAT PLASTERBOARD PRODUCTS ACTUALLY HAVE THOSE MULTIPLE CREDENTIALS.

Patrick Jeannerat,
Perspektiv Australia Head of Carbon and Circularity

Sydney, Australia, Barangaroo Development

Exteriors

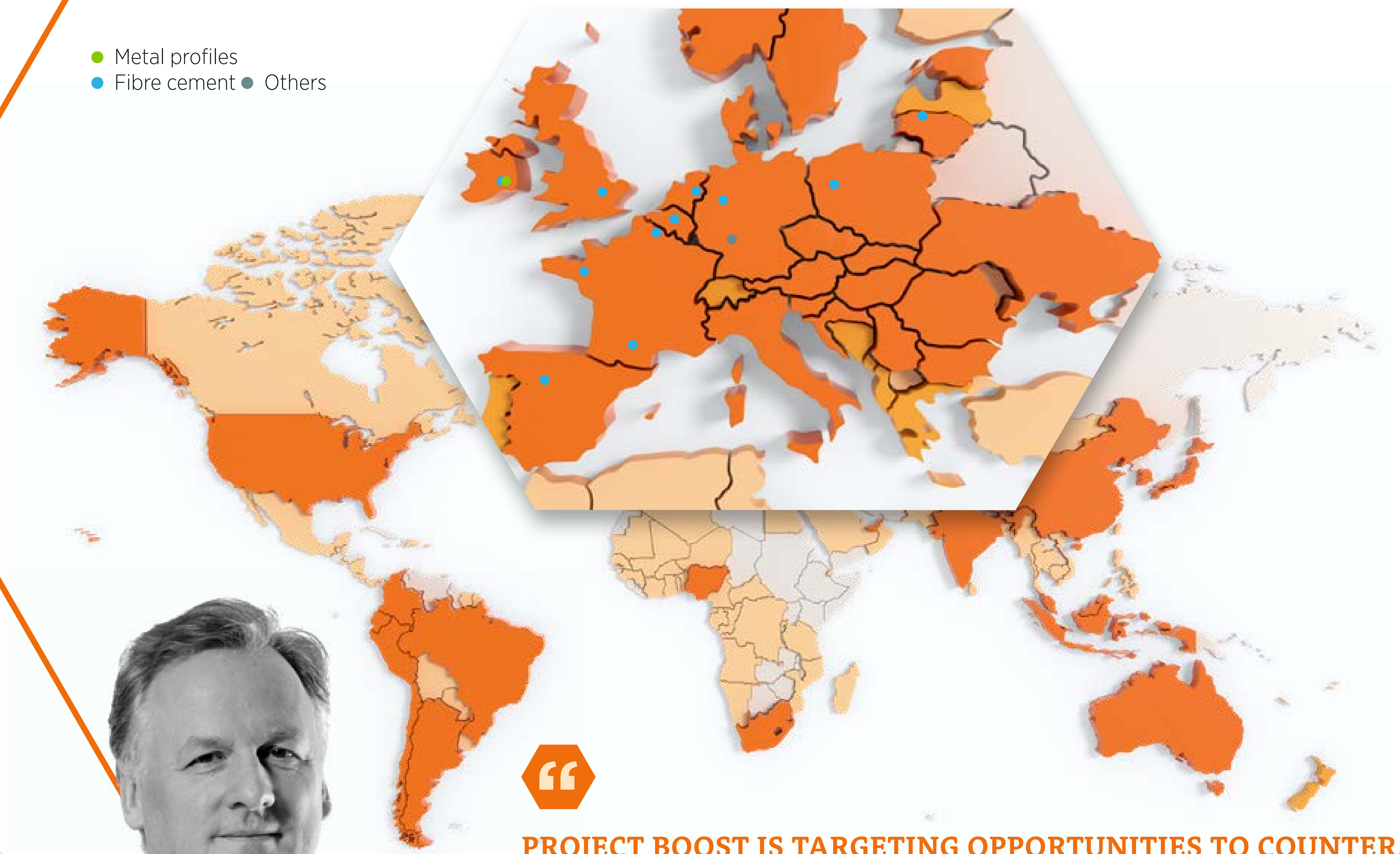
Provider of innovative, durable, high-performance and beautiful fibre cement exterior materials for architectural, residential and agricultural projects.

CEDRAL EQUITONE Eternit Kalsi

❯ Donegal, Ireland, Cedral fibre cement slates, residential building

Highlights

- Acquisition of SCALAMID, manufacturer of cutting-edge fibre cement boards
- Enhanced capabilities of local business leaders with project Boost
- Commissioned plant in Lagos, Nigeria
- Accelerated innovation
- Launch of sustainability project



Category breakdown

- **Architectural fibre cement façade materials**
- **Fibre cement corrugated sheets in agricultural roofs**
- **Residential fibre cement materials for façades, roofs and terraces**

Market drivers

- Sharp fall in residential housing in Europe driven by cost of construction and rising interest rates
- Move to sustainable solutions which can be an opportunity to move to lightweight construction in new build
- Move to ventilated façades in architectural mid-size to large-size projects in mature markets
- Excellent value-for-cost housing in emerging markets

Industry trends

- Transparent and verified environmental impact information
- Customer-focused, added value and services
- Offsite construction
- Digitalisation

"PROJECT BOOST IS TARGETING OPPORTUNITIES TO COUNTERACT THE DOWNTURN IN CONSTRUCTION, PARTICULARLY IN EUROPE. THE GOAL IS TO FOCUS ON A FEW PRIORITIES WHICH CAN MAKE A DIFFERENCE FOR OUR CUSTOMERS: QUALITY, SERVICE AND TOTAL SOLUTIONS. DESPITE TIGHT MARKET CONDITIONS WE ARE WILLING TO INVEST IN GROWTH BY TARGETING SPECIFIC OPPORTUNITIES IN EACH COUNTRY. PROJECT BOOST IS EMPOWERING OUR PEOPLE TO ENERGISE OUR CUSTOMERS AND UNLEASH OUR POTENTIAL.

Michael Fenlon
Head of Division
Exteriors

Performance in 2023

Revenue

The Exteriors division registered a like-for-like revenue decrease of 10.1% to reach EUR 595 million. The division experienced a challenging market, particularly in Europe. This reflects the wider downturn in construction, both for renovation and new build, which started at the end of the previous year.

Management insight

The long-term trend moving from roofing materials to façade and other solutions continues both in Europe and beyond. The current slowdown is short term and the demand for affordable, high quality building solutions will see continued growth of fibre cement materials in emerging and established markets, especially for aesthetic solutions.

Performance

France held up well in Europe, whereas Eastern Europe and Germany were the most heavily impacted. The slowdown in Europe was partially offset by the beginnings of a market recovery in Latin America and Asia-Pacific. Exterior's façade business in Europe struggled due to increased construction costs favouring lower cost solutions. Residential Roofing in Europe was the most resilient segment.

To respond to the challenges presented by the market, the Exteriors division launched project Boost with a focus on its customers. The project unites several workstreams to ensure that Exteriors adapts to the current market reality but also prepares for the future with more structured engagement with customers, especially around quality and service delivery. The division also launched a number of growth initiatives to unleash potential in multiple regions, which is expected to bring positive results in 2024.

2023 CEO Award for the Exteriors Export Team for their outstanding performance.

25

Teammates from the Exteriors Export Team across Belgium, Malaysia, France, Italy and Chile won the CEO Award for generating extraordinary improvements in volume, revenue and margin for their specific business scope despite the adverse conditions due to the war in Ukraine.

EUR 595 million

Revenue

(-10.1% like-for-like vs. 2022)

OUTLOOK FOR 2024

2024 should continue to see European construction at low levels with the beginnings of a recovery in the second half of the year. Despite this weak backdrop, we have taken action to keep our cost base under control and we are exploring several new avenues to grow our business, even in a challenging market. A good example of this is the investment in SCALAMID, which demonstrates Exteriors' appetite to invest to further grow fibre cement.

With a new fibre cement building boards plant in Lagos, Nigeria, we will be able to meet increased market demand and secure our position as market leader in ceiling and technical boards. The currency situation in the country is something we are monitoring closely and act upon swiftly where needed.

For fibre cement we expect a strong recovery in Latin America and Asia-Pacific in 2024. Exteriors is committed to investing, as demonstrated by the acquisition of BGC's fibre cement business in Western Australia.

Case story

Working with architects to design the most efficient and waste-free façades

Following direct feedback from different architects across Europe, Etex's leading fibre cement façade panels brand EQUITONE identified a key challenge for them: accessing tools, materials and information to aid design while integrating the sustainability dimension into their work. This would often lead architects to unintentionally create designs with a high percentage of waste which is not sustainable.

With the clear objective to find a solution to this challenge for customers, our team in Spain piloted an EQUITONE optimisation service as from 2018 by offering support for architects in their design stage to optimise façade panel layouts.

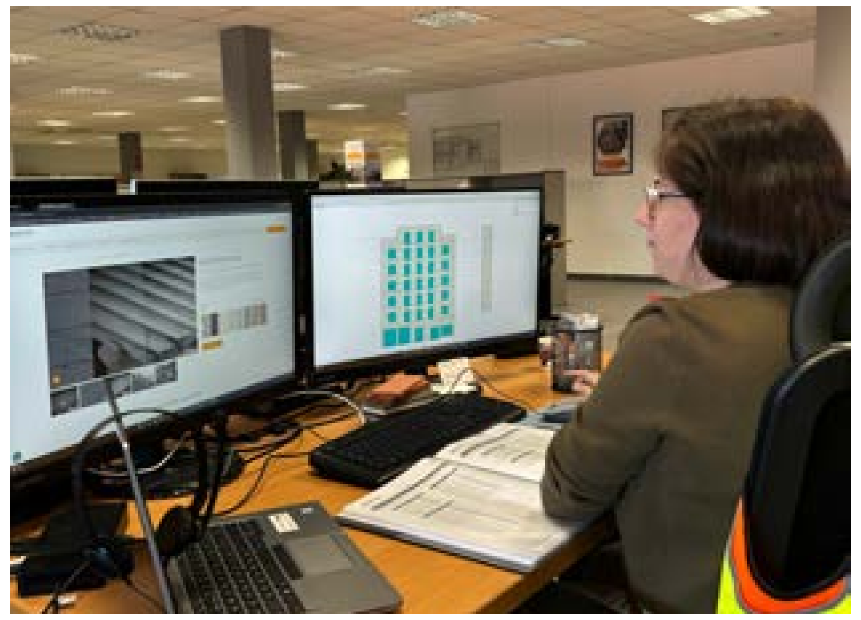
This approach follows a simple process. The architects share their design requirements via a digital tool, EQUITONE's technical team uses a software to optimise the design and shares this back-optimisation with the architects. This generates a follow-up and feedback loop between the architect and the technical team to ensure the best possible completion of each project.

As a Spanish architect who relies on the EQUITONE optimisation service says: "*The service provided by EQUITONE allows me to save weeks of manual calculations, and I don't have an alternative for it today. It also helped me have perfect control over project cost. In my specific case, the service was even more valuable since I could use it during the construction phase too, with feedback between EQUITONE and myself to improve the optimisation.*"

Since the launch of the pilot, more than 670 projects have gone through the EQUITONE optimisation service for more than 530 different stakeholders (architects or others). This is estimated to represent over 640,000 square metres of façades that have been optimised in Spain alone.

Following this very successful pilot, the optimisation service is now also being rolled out in other areas, such as the UK, France and the Nordics region and will be available in all Etex regions by the summer of 2024.

This project proves that a strong support role can be the foundation for a sound relationship between EQUITONE and architects. As shared by a senior design architect: "*Our industry is so relationship-based that it is important to be able to deal with somebody who is competent and also supportive.*"



Zalla, Spain, EQUITONE fibre cement façades, Centro de Especialidades CS Zalla
Customer (installer): Gernikaplac, S. Coop. Architects: Atxurra Zelaieta Arquitectos

Industry

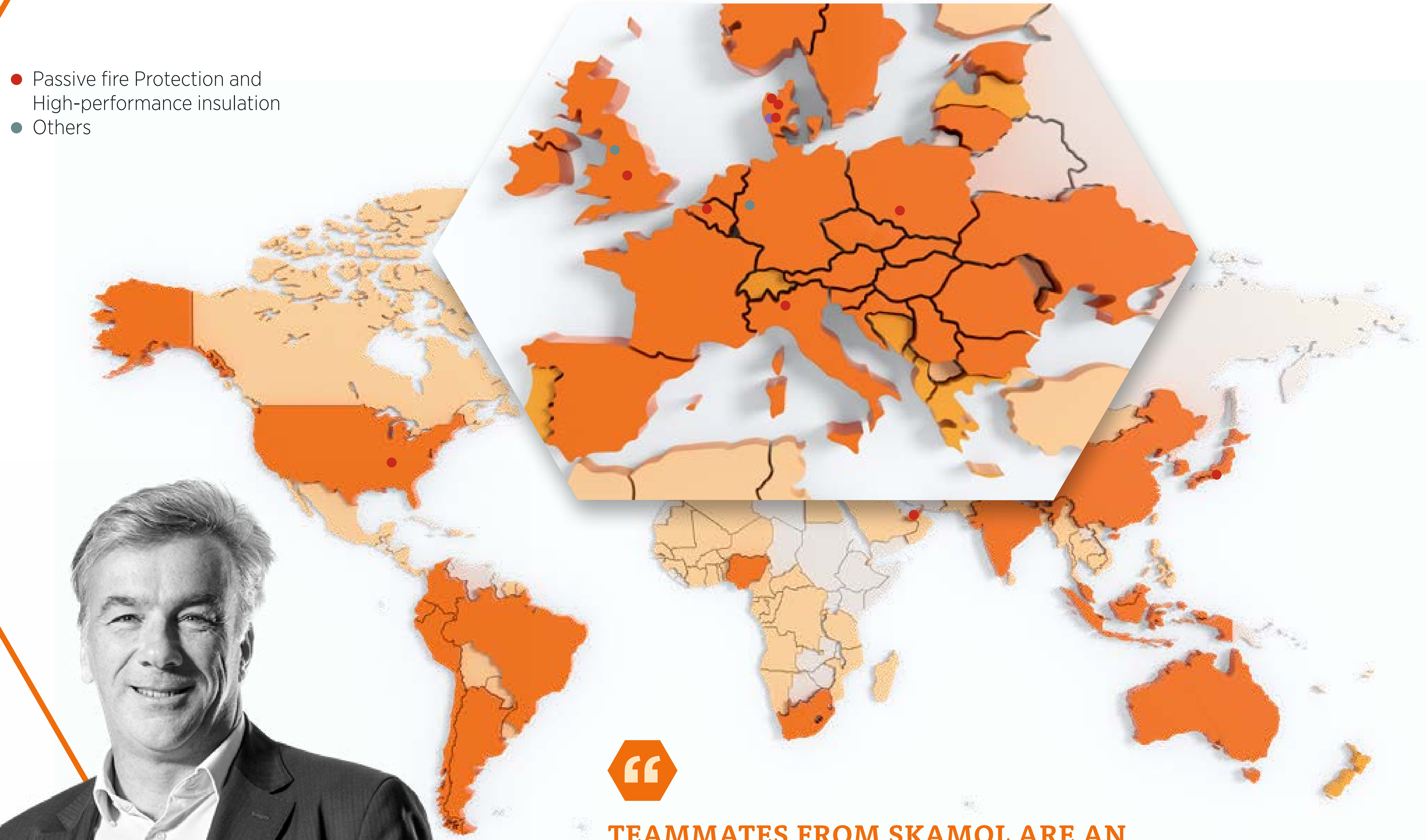
Advancing the future of high-performance temperature insulation and passive fire protection in the industrial, transportation, construction and energy sectors.

Promat

❯ Frankfurt, Germany, Promat Systemglas fire protection glass and PROMATECT®-LS panels, The Squaire

Highlights

- Acquisition of Skamol, specialty provider of high-temperature insulation
- Agile teams for fire protection project development
- Sustainability as integral element across all projects
- Successful and forthcoming tunnel projects
- Support for the development and the sales of Promat solutions within the Building Performance division



Category breakdown

- **Calcium silicates**
- **Microporous materials**
- **Intumescent and fire-stopping materials**
- **Serving construction and industrial customers for passive fire protection and high-performance insulation**

Market drivers

- Transparent and verified environmental impact information
- Customer-focused, added value and technical services
- Offsite construction
- Digitalisation

Industry trends

- Regulatory safety standards
- Enforced personnel and process safety
- Increased awareness of safety solutions
- Sustainability and net zero targets

> TEAMMATES FROM SKAMOL ARE AN EXAMPLE OF HOW WE CAN BE MORE PROACTIVE AND DISRUPTIVE. THEY HAVE BEEN VERY INVENTIVE IN CAPITAL EXPENDITURE DEPLOYMENT. WE LEARN FROM EACH OTHER EVERY DAY AND GROW TOGETHER.

Tanguy Vanderborght
Head of Division
Industry

Performance in 2023

Revenue

Industry's revenue amounted to EUR 244 million, down by 2.0% like-for-like but positively evolving compared to 2022 thanks to the acquisition of Skamol which contributed EUR 47 million to this figure through seven months of activity. Strong pressure was felt on volumes, mainly in the segments linked to the heavy industry and construction sectors such as the fire-rated assemblies in Europe. Steady price management allowed the division to limit the volume impact on the top line. The energy segment showed a mixed picture in 2023 with a decrease of project in oil and gas in Asia-Pacific, the Middle East and Africa, compensated by strong investment in green energy investments in Europe, a trend we expect to continue through 2024.

EUR 244 million

Revenue
(-2% like-for-like vs. 2022)

Management insight

Although 2023 was characterised by uncertainty, the teams in the Industry division demonstrated great agility and collaboration. They focused on better pricing and initiated a number of strategic initiatives. A long-term footprint analysis for Promat identified many options for the coming years. The division welcomed the highly skilled team of 300 Skamol teammates, whose expertise, particularly in high-temperature insulation, greatly complements Promat.

Electrification of two Promat dryers in Belgium and Denmark, improving sustainability of production processes

Performance

The division delivered very good results in a tense year marked by geopolitical unrest, high energy prices and inflationary pressures. The main market, Europe, came under pressure, especially in construction, where results remained slightly below target. However, they were compensated by the results recorded by industrial projects. High-temperature insulation and fire protection segments such as industry, energy and transportation are expected to grow, especially in Asia-Pacific.

In 2023, the division also refined its technical support requirements. The division is committed to replying even faster and more diligently to customer enquiries and to having even more transparent communication. Over the year, more business ownership of agile teams was put in place for Promat with a mandate to develop fire protection and high-temperature solutions, starting with pilots before expanding them to the entire market.

OUTLOOK FOR 2024

We assume that 2024 will remain a tense year due to geopolitical conflict, high energy prices and possibly a more strained supply chain. We remain creative and disruptive while exploring new segments and applications outside of Europe. Finally, we will also see the full benefit of the Skamol acquisition in 2024.

Case story

Partnering with startups and large industry players alike to maximise energy efficiency with fuel cells

Etex's brand Promat is a pioneer and global expert in high-temperature insulation and passive fire protection for fuel cell and electrolyser applications. Explained simply, a fuel cell uses the chemical energy of hydrogen or other fuels to generate electricity cleanly and efficiently. These cells provide power for applications across multiple sectors, including transportation, industrial residential buildings and long-term energy storage.

In today's world, where energy demand is skyrocketing, Promat solutions enable more sustainable energy with high-temperature fuel cells which are becoming more important in energy markets.

Across the globe - and particularly across three continents, served by our plants and teams in Japan, the United States and Europe - Promat partnered with more than five new startups in 2023 to help them create fit-for-purpose modules, with thermal insulation optimised from the outset.

Bianca Taferner, Regional Segment Manager Energy Europe for Industry: *"Our expertise allows us to help our partners to develop their approach while meeting the ever-changing requirements in fuel cell markets that are constantly growing and evolving. Our innovative systems are used for several major types of fuel cells and are the industry benchmark. We deliver solutions for different parts of the fuel cells. Thanks to our wide range of products and our in-depth knowledge, we can find solutions for the most challenging insulation problems."*

In fuel cells for residential, commercial or industrial use, a purpose-designed insulation solution from Promat maximises energy and process efficiency, whilst at the same time minimising the loss of space and ensuring design flexibility. Whether for high-temperature fuel cells or low-temperature fuel cells using reformers, we can support customers throughout all phases of their project, from designing a prototype to improving their established solution.

To ensure the best possible high-temperature insulation, Promat strives to be involved with partners very early in their fuel cells design process. This generates strong and close relationships, as Promat supports these companies – big or small – in their growth, advancing expertise to build a sustainable energy market.

PROMAT IS COMMITTED TO FOSTERING A SUSTAINABLE ENERGY MARKET BY ACTIVELY WORKING TO REDUCE OUR CUSTOMERS' CARBON FOOTPRINT. AS PART OF THIS, WE INVEST IN ENVIRONMENTAL PRODUCT DECLARATIONS (EPDS), WHICH INCLUDES MICROPOROUS MATERIALS.

Bianca Taferner,
Regional Segment Manager
Energy Europe for Industry

[Click here to discover more on our partnerships with startups in our case video]

Insulation

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

Ostend, Belgium, URSA glass mineral wool, service flat 'De Zandhille'

Highlights

- Acquisition of Superglass, the glass mineral wool insulation manufacturer from Stirling, Scotland, and welcoming over 200 new teammates
- Around 20% market share with Superglass and URSA in Europe
- Manufacturing glass wool insulation products from post-consumer waste such as glass bottles
- High recycling share in extruded polystyrene

Category breakdown

- **Glass mineral wool**
- **Extruded polystyrene (XPS)**

Market drivers

- Urbanisation
- Noise as a health issue that can be tackled with acoustic insulation
- Government subsidy towards energy efficiency
- Prefabricated housing and lightweight construction
- Vast distribution network

Industry trends

- Increased demand for green and premium product
- Highly-regulated construction industry
- Digitalisation
- Value chain collaboration

AROUND 80% OF THE MATERIAL FOR GLASS WOOL INSULATION, USED IN BUILDINGS TO SAVE ENERGY AND COST, AND PROVIDE INDOOR COMFORT, IS MADE OF RECYCLED GLASS. THIS MEANS THAT 80% OF THE CONTENT USED IS TAKEN OUT OF THE WASTE LOOP. WE MAKE A NEW PRODUCT THAT SAVES ENERGY FROM DAY ONE IN A BUILDING, WITHOUT THE NEED FOR FURTHER MAINTENANCE.

Efrén del Pino Iglesias
Head of Division
Insulation

Performance in 2023

Revenue

The sales of the Insulation division were up by EUR 214 million due to the timing of the acquisition of URSA in 2022. The division's revenue therefore stood at EUR 526 million.

Management insight

Etex's newest division, which is a very good fit for Etex's lightweight construction focus, has proven its resilience, facing market disruptions successfully. Efrén Del Pino has been appointed new Head of Division, replacing Jochen Friedrichs, who has become the new Head of Division for Building Performance.

The teams navigated this context by adopting the commercial argument of inherent energy savings with glass wool and extruded polystyrene and by making commercial and manufacturing improvements. Last but not least, Etex completed the process of exiting Russia by divesting its two URSA operating sites in the country.

EUR 526 million

Revenue
(2023 first complete year of contribution for Insulation)

Performance

In 2023, the decline in volumes was due to reduced demand globally. A construction sector plagued by a high interest rate environment, sharp falls in new build and postponement was the norm. Insulation was amongst the first to see this drastically changed landscape. In the first few months, countries in Eastern Europe experienced steep falls in volume and markets were collapsing in normally very stable Central European countries. However, Insulation was able to limit the erosion of its profitability through efficient pricing mechanisms and overhead costs control, as well as by focusing fully on performance. As the middle and long-term market foundations are extremely sound and growth will return, the division prepared plans to grow with the market.

The division continued to implement the strategy process which is then translated into several projects revolving around customer proximity, circularity and sustainability and innovation. Innovation will focus on sustainable products for medium to large residential buildings, retrofits of factories, historical or office buildings and in several countries on school retroffiting.

Up to

84%

Recycled glass in glass wool insulation saves up to 300 times the energy used in manufacturing and distribution

OUTLOOK FOR 2024

Despite the urgent need to increase energy efficiency in buildings and to renovate a huge number of poorly insulated constructions, 2024 is unlikely to see an overall market recovery in Europe. Interest rates are not expected to be much lower, which rules out any easing of the impact on new residential buildings. In addition, inflation remains an issue, despite far lower levels than in previous peaks.

In this context, we will work on balancing financial solidity and discipline to be ready for the indispensable recovery. To do so, we will focus on innovation, growth outside the standard segments and geographies, and on developing our team. Moreover, we will concentrate even more on customer proximity, which is already greatly appreciated, and continue with our successful sustainability roadmap. Finally, we will continue working on our investment for a glass mineral wool facility in Western Europe to be able to grow with the market once the recovery kicks in.

Case story

ISOLA URSA: Enhancing sustainability education

Upon recognising that its products, particularly those in the mineral wool category, lacked recognition as the most sustainable in the Italian market, URSA saw this as an opportunity and wanted to raise awareness of its products while offering an innovative solution to its customers to differentiate URSA in the market from competitors. The insulation brand wanted to educate the community to build a mature sustainability focus on the building industry. ISOLA URSA is the response.

ISOLA URSA is a new concept that places sustainability at the centre of the Insulation division and its stakeholders' business. It is an in-depth technical, educational information and scientific training project, dedicated to students and professionals in the insulation sector, created to promote virtuous behaviours and solutions to the climate crisis and sustainable building.

Since 2018, internationally renowned experts, scientists and Nobel Prize winners, prestigious names in design, popularisers and influencers have accompanied URSA on this journey: conferences and seminars, many interactive activities, debates and moments of discussion and entertainment.

ISOLA URSA plans to carry on taking new initiatives in 2024, confirming its commitment to help build a better and more sustainable future for the planet and its inhabitants.

Luca Mercalli

Click here to discover more on ISOLA URSA in our case video

A valuable initiative for all stakeholders

- Leveraging the image of the company among designers, specifiers, customers and installers, so as to enable a better positioning of our products.
- Increase demand for specifications by engaging with high-end designers/ specifiers.
- Open different communication channels to enter into dialogue with school leaders and public administrators.
- Become one of the most reliable and experienced providers of environmental sustainability solutions.

Hosted more than
275
speakers

Engaged with more than
7,000
stakeholders

215
hours of teaching

90
meeting sessions

Involved more than
13,000
students

New Ways

High-tech, lightweight factory assembled panelised building solutions based on steel framing.

❯ Liverpool, United Kingdom, Remagin light gauge steel framing, Tara House

Highlights

- Launched Remagin, the commercial brand bringing together EOS, Sigmat and Horizon Offsite
- More focused portfolio on two-dimensional (2D) steel systems and solutions for business-to-business routes to market
- Explored opportunities beyond the core markets of Ireland and UK

● Steel framing

Category breakdown

- **2D systems and solutions (offsite construction based on steel gauge framing)**

Market drivers

- Housing shortages
- Shortage of labour and skills in traditional construction
- Risk management – tested and certified full solutions from one supplier
- Faster construction process
- Significantly more sustainable construction approach

Industry trends

- Increased legislation (building safety and sustainability)
- Sustainable infrastructure
- Technology integration
- Regulatory support

"

BUILDING IN A MODULAR WAY IS MAKING BUILDINGS GREENER, FASTER, AND CHEAPER.

Patrick Balemans
Head of Division
New Ways

Performance in 2023

Revenue

New Ways revenues amounted to EUR 62 million, down by 9.8% like-for-like. The division delivered results short of its top line target due to construction delays in a complicated environment and the termination of the e-Loft activity. It successfully launched its new brand Remagin, which brings together the highly qualified teams of former brands Sigmat, EOS and Horizon while still benefitting from the expertise of Evolusion Innovation, Etex's offsite design and engineering consultancy company.

EUR 62 million
Revenue
(-9.8% like-for-like vs. 2022)

Management insight

After establishing where its strengths lie, the New Ways division moved forward with two-dimensional (2D) light gauge steel framing systems and solutions which have sustainability at their core. Moreover, additional sustainability efforts are being made: innovation for low carbon and high recycled content of raw materials; mindful procurement by selecting partners who share our vision and best practices; and design powered by circularity: elimination of waste through ease of dismantling, reuse and recycling of materials at end of life.

Performance

The construction sector in the core markets of Ireland and the UK has been seeing the first signs of recovery. Offsite construction has been profiting from higher growth and a slower decline than traditional build. The division benefits greatly from satisfied customers commissioning new projects and from offsite construction being top of mind in green agendas. The launch of the cutting-edge brand Remagin has brought about a mental shift in traditional construction and presents solutions for three of today's systemic issues: sustainability requirements, labour shortage and housing needs. A company with the in-house expertise capable of designing, manufacturing and installing ready-made certified panels and systems creates less need for operators on the job site and offers fully sustainable and cost-effective solutions. It is the perfect answer to these challenges and the next logical next step to take.

50%
Less CO_2/m² built

20-40%
Faster build time

42%-59%
High recycled content

OUTLOOK FOR 2024

In 2024, we will expand our source-to-site solutions with Remagin beyond our core markets to other European countries.

Case story

Partnering with customers for mutual benefits and better retirement homes

The concept of true partnership is one which is used extensively, but is relatively new to the construction sector. An example of this approach in action is how Remagin, Europe's leading manufacturer of panelised structural steel frames, and McCarthy Stone, the UK's leading developer and manager of retirement communities, have worked together to deliver a total of ten projects so far since 2021. This represents 473 retirement apartments.

McCarthy Stone set up the partnership with Etex's brand Remagin to use its Light Gauge Steel Frame (LGSF) solution, where panels are built in a factory and then assembled on-site, helping it build its developments faster, better, more sustainably and more affordably.

Peter Forsyth, Director Strategic Initiatives, describes how the approach works, and the benefits for McCarthy Stone from his perspective.

"We decided as a business some time ago that we wanted to introduce modern methods of construction (MMC) for many of our developments. We put together a tendered competition, and evaluated bids based primarily on two fundamental criteria: economic competitiveness; and how well we thought we could partner with the selected company to develop our housing product."

"Remagin's offer was competitive and offered the best way forward for developing our product," continues Peter, "so they were selected to deliver an initial scheme near Newcastle in the North-East of England. The project delivered beyond our expectations. And the quality of the end product was excellent. Some of the McCarthy Stone team involved have said that they now never want to build any other way."

McCarthy Stone and Remagin have also evolved their joint approach since this first project, with windows, external doors and external insulation now also fitted in the factory, further reducing risks and delays. Future developments will also progressively incorporate further innovations to the panel solution to maximise the benefits of offsite manufacturing.

"We've had plenty of success with MMC at McCarthy Stone thanks to our partnership with Remagin. MMC is helping us to further increase our build quality, control our costs, and most importantly, build more energy-efficient and greener communities. Our focused approach to MMC and our secured pipeline of consented land means we have found the right formula to enable us to use it to accelerate housing delivery. MMC is now becoming a key component of our development pipeline."

THE BEST PART OF WORKING WITH REMAGIN IS DEFINITELY THE SUPPORT FROM THE OFFICE TEAM, THE SITE TEAM AND THE SUPERVISORS. THEY HAVE ALL BEEN OUTSTANDING TO WORK WITH.

Luke Elliott
Site Manager, McCarthy Stone

Click here to discover more on our partnership with McCarthy Stone in our case video

Governance

How we manage

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

Turracher, Austria, URSA insulation, Residential mobile home

Etex's governance universe

Board of Directors

Sustainability Committee

Responsibilities

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

People Committee

Responsibilities

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

Strategy Committee

Responsibilities

- Evaluate strategic proposals
- Acquisitions, divestments and geographic diversification

Risk and Audit Committee

Responsibilities

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

Executive Committee

Outcomes

- Integrated purpose
- Transparency and legitimacy
- Sustainability improvements
- Well-managed risks
- Ethical leadership
- Stakeholder trust

Our governance structure

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

Board of Directors

Etex's Board of Directors sets the overall group strategy, decides on major investments and monitors all corporate activities. Its composition is carefully balanced and includes representatives of Etex's shareholders and management as well as independent directors.

Seasoned Board members are a major asset to our company.

The Board of Directors met nine times in 2023 to discuss updates and approve proposals by the Executive Committee and recommendations from the advisory committees. Throughout the discussions held in 2023, the Board reflected on purpose, value, mission, policies and goals related to sustainable development, with a particular focus on the Road to Sustainability 2030 priorities.

The office of the CEO, together with the Secretary of the Board, manages the information flow between the Executive Committee and the Board. The Board documents and other relevant information are shared through a secured digital platform accessible to Board members only. To assist and advise the Board on specific matters, all four advisory committees were active throughout 2023: the Strategy Committee, the Risk and Audit Committee, the People Committee and the Sustainability Committee.

Changes to the Board of Directors in 2023 can be found on p.72.

In addition to allowing its large, long-term family of shareholders to be represented on the Board, Etex seeks to attract directors with diverse backgrounds and expertise, based on the following key criteria:

- Specific skills
- Knowledge of the sector in which Etex is active
- Experience
- Availability to devote time to Etex

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

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

Etex's dedicated advisory committees

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

Strategy Committee

The Strategy Committee normally meets one week prior to any meeting of the Board regarding strategic decisions or projects and at least four times a year.

Chairperson: ViaBylity BV, represented by its permanent representative Hans Van Bylen.

Members: Tee&Tee BV, represented by its permanent representative Thierry Vanlancker, Argali Capital BV, represented by its permanent representative Pascal Emsens, MucH BVBA, represented by its permanent representative Muriel De Lathouwer, JoVB BV, represented by its permanent representative Johan Van Biesbroeck, BCCONSEIL SRL, represented by its permanent representative Bernard Delvaux.

Number of meetings in 2023: six.

Role and purpose: The Strategy Committee evaluates the Executive Committee's strategic proposals. It also reviews the Executive Committee's proposals for acquisitions, divestments and geographic diversification.

Risk and Audit Committee

The Committee meets at least three times per year. At least one member is independent.

Chairperson: Ines Kolmsee.

Members: GUVO S.R.L., represented by its permanent representative Guillaume Voortman, JoVB BV, represented by its permanent representative Johan Van Biesbroeck.

Number of meetings in 2023: four.

Role and purpose: The Risk and Audit Committee reviews Etex's financial reporting processes and the statutory audit of Etex's annual accounts. Above all, it ensures the consistency and reliability of accounts and all other financial information submitted to the Board. Moreover, the Committee monitors Etex's risk and internal control management systems. All its members have accounting and audit experience.

People Committee

The Committee meets at least two times per year.

Chairperson: Tee&Tee BV, represented by its permanent representative Thierry Vanlancker.

Members: MucH BVBA, represented by its permanent representative Muriel De Lathouwer, CT IMPACT BV, represented by its permanent representative Caroline Thijssen, JoVB BV, represented by its permanent representative Johan Van Biesbroeck.

Number of meetings in 2023: five.

Role and purpose: The People Committee assists with selecting and proposing Board members. It also determines the remuneration and benefits structure for Executive Committee members. Its job is to ensure that incentives reflect market practices and are optimally designed to support Etex's strategic goals.

Sustainability Committee

Chairperson: Bernadette Spinoy.

Members: Christian Simonard, CT IMPACT BV, represented by its permanent representative Caroline Thijssen, JoVB BV, represented by its permanent representative Johan Van Biesbroeck, BCCONSEIL SRL, represented by its permanent representative Bernard Delvaux, Ines Kolmsee.

Number of meetings in 2023: five.

Role and purpose: The Sustainability Committee ensures that Etex effectively addresses the economic and societal challenges associated with its mission to offer construction solutions that contribute to a better world. It considers the impact of Etex's businesses, operations and programmes from a corporate social responsibility and sustainability perspective, taking into consideration the legal framework and the interests of all stakeholders.

Board of Directors

as of 31 December 2023

Relevant decisions approved by the shareholders' meeting on 24 May 2023:

- Resignation of Teodoro Scalmani at the annual and extraordinary shareholders' meeting of 24 May 2023.
- Reappointment of Viabylity BV represented by its permanent representative Hans Van Bylen and MuCH BVBA, represented by its permanent representative Muriel De Lathouwer.

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

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

ARGALI CAPITAL BV
Permanent representative:
Pascal Emsens
Director
Strategy Committee
BE

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

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

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

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

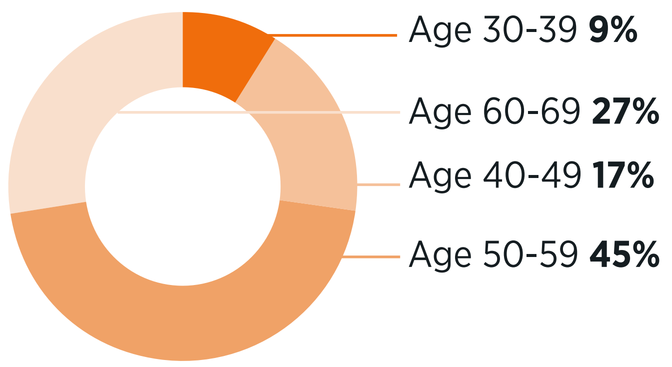
Christian Simonard
Director
Sustainability Committee
FR

Bernadette Spinoy
Director
Chairperson of the Sustainability Committee
BE

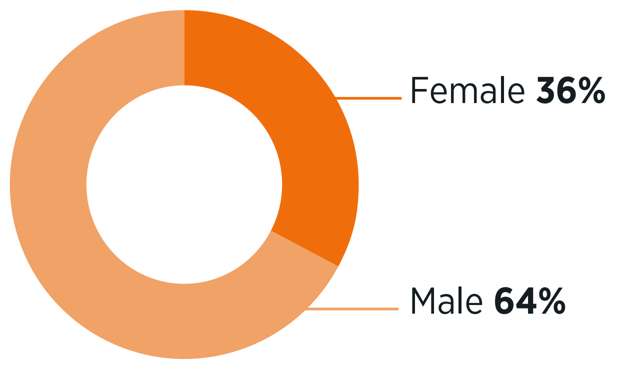
Tee & Tee BV Permanent Representative:
Thierry Vanlancker
Director
Strategy Committee
Chairperson of the People Committee
BE

Ines Kolmsee
Director
Chairperson of the Risk and Audit Committee
Sustainability Committee
DE

Diversity by age



Diversity by gender



Executive Committee

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

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

Executive Committee members as of publication date.

Bernard Delvaux
Chief Executive Officer

Joined Etex in 2021

BE

FULL CV

Mel de Vogue
Chief Financial Officer

Joined Etex in 2015

FR

FULL CV

Michael Fenlon
Head of Division Exteriors

Joined Etex in 1998

IE

FULL CV

Jochen Friedrichs
Head of Division Buidling Performance

Joined Etex in 2022

DE

FULL CV

Tanguy Vanderborght
Head of Division Industry

Joined Etex in 1997

BE

FULL CV

Patrick Balemans
Head of Division New Ways

Joined Etex in 2005

BE

FULL CV

Efrén Del Pino
Head of Division Insulation

Joined Etex in 2023

ES

FULL CV

Louise Cail
Chief Human Resources Officer

Joined Etex in 2018

UK

FULL CV

Christophe David
Chief Manufacturing Officer

Joined Etex in 2011

FR

FULL CV

Virginie Lietaer
Chief Legal Officer

Joined Etex in 2020

BE

FULL CV

Carla Sinanian
Chief Strategy Officer

Joined Etex in 2017

SE

FULL CV

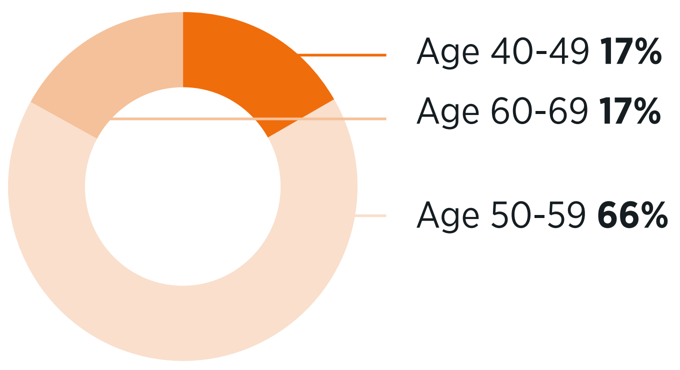
Didier Staquet
Chief Performance Officer

Joined Etex in 2012

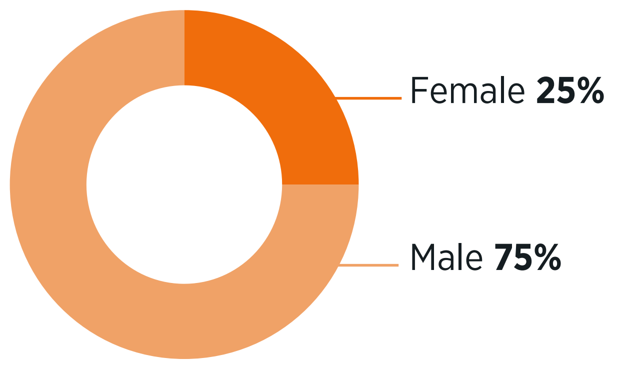
BE

FULL CV

Diversity by age



Diversity by gender



Financial report

How we delivered

A record revenue of EUR 3,808 million, a record REBITDA of EUR 712 million and a net recurring profit (Group share) of EUR 278 million for 2023 illustrate Etex's responsive approach continuing on a growth path despite a volatile environment.

San Justo, Argentina, Etex teammates

Message from the CFO

Another year of profitable growth

Etex once again recorded a strong financial performance in 2023, with revenue of EUR 3,808 million, an increase of 0.7 % on like-for-like basis, and REBITDA of EUR 712 million, an increase of 9.6 % on like-for-like basis. The REBITDA margin reached 18.7 % and the net recurring profit increased by 1.1 % to EUR 278 million. The free cash flow before dividends, acquisitions and disposals of business reached EUR 294 million. The net debt at the end of the year amounted to EUR 1,039 million, roughly stable compared to 2022 (EUR 1,031 million).

Mel De Vogue, Chief Financial Officer, presents and comments on the most important financial trends and results of the year.

What results did Etex see for 2023?

It was another year of profitable growth. We managed to grow organically and through acquisitions and reach sales of EUR 3,808 million compared to EUR 3,714 million in 2022. We generated our highest REBITDA ever at EUR 712 million compared to EUR 645 million and one of the strongest free cash flows before dividends and acquisitions at EUR 294 million despite record capex deployment at EUR 371 million. So overall, 2023 was a record year from a financial performance point of view, particularly given the macroeconomic and geopolitical context.

How challenging was the macroeconomic context?

It was a context in which high interest rates put pressure on the building materials and construction industry worldwide. Volatility impacted energy prices. This was coupled with ongoing pressure from Russia's war in Ukraine and the crisis in the Middle East which disrupted supply chains in the Suez Canal. We faced soft and volatile volumes in some segments, primarily in Europe and in new build while renovation resisted proportionally better. Another impact for Etex came from Nigeria and Argentina which were both impacted by major currency devaluations.

EUR 3,808 million
Revenue in 2023
(+0.7% like-for-like vs. 2022)

EUR 712 million
Recurring operating cash flow (REBITDA)
(+9.6% like-for-like vs. 2022)

EUR 278 million
Net recurring profit
(Group share) (+1.1% vs. 2022)

“

OVERALL, 2023 WAS A RECORD YEAR FROM A FINANCIAL PERFORMANCE POINT OF VIEW, PARTICULARLY GIVEN THE MACROECONOMIC AND GEOPOLITICAL CONTEXT.

Mel De Vogue
Chief Financial Officer

How did Etex achieve this performance in this difficult macroeconomic context?

By upholding a strong price-to-cost policy and containing our overhead costs. By reinforcing responsibility for profit and losses at the level of the divisions and local business units. We also exercised strict and successful discipline over our working capital, which was brought to its lowest level ever in proportion to our sales.

How was capital expenditure investment this year?

The total capex reached a record level of EUR 371 million, EUR 69 million higher than last year. Our most important strategic growth capital expenditures pertained to our Bristol investment in the United Kingdom, where we are building our biggest plasterboard line, to be completed in 2024. We also opened new production lines in Lagos, Nigeria, for fibre cement, and in Filago, Italy, for intumescent products. It is important to remember that our decisions for both capex and external growth are always scrutinised through a sustainability lens.

What about cash generation?

It is indeed important to consider free cash flow as well. It amounted to EUR 294 million before dividends, acquisitions, and disposals of businesses in 2023. This is more than twice as much as 2022's EUR 142 million, despite record capex. We can be proud of the working capital performance which once again demonstrated our agility, allowing us to reduce inventory and manage trade receivable proactively. We reduced the working capital from EUR 268 million in 2022 to EUR 182 million in 2023, despite inflation. The value of inventory and customers minus supplier balances explains most of this, down by about EUR 80 million or -2% when expressed in percentage of sales.

How did the net financial debt evolve overall?

At the end of December 2023, Etex's net financial debt reached EUR 1,039 million, a slight increase of eight million compared to the end of 2022 (EUR 1,031 million) which represents 1.5 times the REBITDA, same as in 2022. This limited increase results mainly - in addition to strong free cash flow, the impact of foreign currency devaluations and dividend payments - from the acquisitions of Skamol (high-temperature insulation), Superglass (glass wool insulation) and SCALAMID (fibre cement), for about EUR 253 million in total. It is also worth noting the one-off cash generation resulting from our Russian divestment completed in 2023 and the unwinding of one of our interest rate swap agreements (EUR 55 million). The latter partially explains, after taxes, the increase in net profit at 274 million by +25%.

What else did you see as regards sustainability from the financial point of view?

There are several key things to highlight. Firstly, we will deploy approximately EUR 70 million per year on average in decarbonisation capex between 2023 and 2030. Secondly, we are in the process of establishing the basis for all future non-financial reporting which will be audited from 2026 onwards. We want to ensure that sustainability is the core element of the overall business strategy, and not treated as a separate domain. We also want to continue to systematically integrate sustainability in our relationship with our banks and lenders who are expecting higher sustainability standards. All our significant long-term financing today is linked to sustainability metrics.

What is your outlook for 2024?

We expect a challenging year with continued pressure on volumes across the world. The year 2024 and likely 2025 may remain difficult years in the construction and building materials environment, perhaps with some exceptions. We also expect interest rates to stabilise somewhat, the best-case scenario being a gradual slight decline.

How does Etex plan to deal with these challenges?

By staying very focused. We will continue to closely monitor our price-over-cost policy and to strictly manage our working capital. Thanks to our strong REBITDA and free cash flow generation, we still have a reasonably low level of debt. This will help us to seize opportunities if they are right and deploy capex, but equally we remain prudent, taking into account the challenging environment. We will also benefit from the full leverage of our recent acquisitions such as Skamol and Superglas, as well the BGC acquisition in Australia closed in February 2024.

Consolidated key figures

EUR million	2019	2020	2021	2022	2023	% Var. 2023 vs 2022
Revenue	2,940	2,616	2,972	3,714	**3,808**	*2.5%*
Recurring operating income (REBIT)	292	311	398	431	**466**	*8.1%*
Recurring operating cash flow (REBITDA)	483	484	570	645	**712**	*10.4%*
% of revenue	*16.4%*	*18.5%*	*19.2%*	*17.4%*	***18.7%***	-
Non-recurring items	-24	-39	-83	-70	**-67**	-
Operating cash flow (EBITDA)	557	468	522	592	**657**	*11.0%*
Operating income (EBIT)	268	272	315	361	**399**	*10.5%*
% of revenue	*9.1%*	*10.4%*	*10.6%*	*9.7%*	***10.5%***	-
Net profit (Group share)	176	194	194	210	**267**	*27.1%*
Net recurring profit (Group share)	187	215	268	275	**278**	*1.1%*
Capital expenditure	169	112	199	302	**371**	*22.8%*
Net financial debt	331	15	214	1,031	**1,039**	*0.8%*
Working capital (1)	224	137	193	268	**182**	*-32.1%*
Capital employed (1)	2,196	1,868	2,266	3,289	**3,530**	*7.3%*
Return on capital employed (ROCE) (1)	11.5%	13.4%	15.2%	13.0%	**11.7%**	-

EUR per share	2019	2020	2021	2022	2023	% Var. 2023 vs 2022
Net recurring profit (Group share)	2.39	2.75	3.42	3.52	**3.56**	*1.1%*
Net profit (Group share)	2.25	2.48	2.48	2.69	**3.41**	*26.8%*
Gross dividend	0.58 (2)	0.70	0.84	0.93	**1.03 (3)**	*10.8%*
Growth rate of dividend	0.0%	20.7%	20.0%	10.7%	**10.8%**	-
Recurring distribution rate	24.3%	25.5%	24.6%	26.4%	**28.9%**	-

Personnel	2019	2020	2021	2022	2023	% Var. 2023 vs 2022
Personnel	13,260	11,387	12,214	13,712	**13,553**	-

NB: Definitions of the alternative performance measures are included in the glossary. 2016 values include discontinued operations (i.e. the ceramics business in Peru, Colombia, Chile & Argentina)
(1) These values are expressed excluding the favourable impact of the non recourse factoring program (note 16 disclose details on non recourse factoring); 2017 ROCE value exclude Pladur.
(2) Dividend 2019 (payout 2020) is made up of 0.29 as decided during the General Shareholders meeting of 27 May 2020 and 0.29 as decided by the Extraordinary Shareholders meeting held in 22 October 2020.
(3) Subject to the approval of the General Shareholders meeting of 22 May 2024

WE WANT TO ENSURE THAT SUSTAINABILITY IS THE CORE ELEMENT OF THE OVERALL BUSINESS STRATEGY, AND NOT TREATED AS A SEPARATE DOMAIN. WE ALSO WANT TO CONTINUE TO SYSTEMATICALLY INTEGRATE SUSTAINABILITY IN OUR RELATIONSHIP WITH OUR BANKS AND LENDERS. ALL OUR SIGNIFICANT LONG-TERM FINANCING TODAY IS LINKED TO SUSTAINABILITY METRICS.

Mel De Vogue,
Chief Financial Officer

EUR 1,039 million
Net financial debt
(+0.8% vs. 2022)

EUR 371 million
Capital expenditure
(+22.8% vs. 2022)

Consolidated financial statements

Consolidated income statement

in thousands of EUR	Notes	2022	2023
Revenue	(1)	**3,713,897**	**3,807,898**
Cost of sales (*)	(3)	-2,632,596	-2,633,810
Gross profit		**1,081,302**	**1,174,088**
Distribution expenses	(3)	-405,749	-458,702
Administrative and general expenses	(3)	-227,593	-223,796
Other operating charges & income (*)	(4)	-16,738	-25,346
Operating income before non-recurring items		**431,222**	**466,244**
Gain / (losses) on disposal of assets and businesses	(5)	8,804	2,017
Other non-recurring items	(5)	-79,032	-69,445
Operating income (EBIT)		**360,990**	**398,816**
Interest income	(6)	11,406	23,653
Interest expenses	(6)	-33,863	-65,534
Other financial income	(6)	27,930	101,068
Other financial expense	(6)	-42,042	-64,346
Share of profit in equity accounted investees	(13)	-1,682	518
Non-recurring items in equity accounted investees	(13)	-8,565	-
Profit before income tax		**314,174**	**394,174**
Income tax expense	(7)	-102,406	-113,372
Profit for the year from continuing operations		**211,768**	**280,802**
Result from discontinued operations (*)		6,635	-6,900
Profit for the year		**218,403**	**273,902**
Attributable to shareholders of Etex		210,308	266,731
Attributable to non-controlling interests		8,095	7,171
Earnings per (group) share (in euro)		2.69	3.41
Diluted earnings per (group) share (in euro)		2.69	3.41

(*) Comparatives reclassified conform to current year's presentation: €2,431 thousand costs from 'cost of sales' to 'other operating charges' and €6,635 thousand from 'share of profit from companies held for sale' to 'result from discontinued operations'.

Consolidated statement of comprehensive income

in thousands of EUR	2022	2023
Profit for the year	**218,403**	**273,902**
Remeasurements in employee benefit obligations	214,668	32,308
Income tax effect	*-53,776*	*-8,544*
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**160,892**	**23,765**
Changes in cash flow hedge reserves	127,821	-106,115
Income tax effect	*-31,548*	*26,501*
Exchange differences on translation of foreign operations	-62,781	-77,704
Net other comprehensive income to be reclassified to income statement in subsequent periods	**33,492**	**-157,319**
Other comprehensive income, net of tax	**194,384**	**-133,554**
Total comprehensive income for the period, net of tax	412,787	140,348
Attributable to shareholders of Etex	405,682	144,910
Attributable to non-controlling interests	7,105	-4,562

Consolidated statement of financial position

in thousands of EUR	Notes	2022(*)	2023
Non-current assets		**3,297,581**	**3,561,555**
Property, plant and equipment	(8)	1,929,127	2,157,381
Property, plant and equipment - owned	(8)	*1,781,514*	*2,003,839*
Property, plant and equipment - leased	(8)	*147,613*	*153,542*
Goodwill (*)	(9)	682,032	725,563
Other intangible assets	(10)	411,263	449,035
Investment properties	(11)	12,234	10,266
Assets held for sale	(12)	5,213	5,194
Investments in equity accounted investees	(13)	6,140	6,977
Other non-current assets	(14)	114,268	29,373
Deferred tax assets	(25)	98,403	95,877
Employee benefits assets	(22)	38,901	81,889
Current assets		**1,317,601**	**1,122,601**
Inventories	(16)	514,031	483,969
Trade and other receivables	(15)	430,956	412,067
Other current assets	(15)	81,452	64,077
Assets held for sale (*)	(12)	85,127	-
Cash and cash equivalents	(18)	206,038	162,488
TOTAL ASSETS		**4,615,182**	**4,684,156**
Total equity	(19)	**1,809,510**	**1,921,685**
Issued share capital		*2,533*	*2,533*
Share premium		*743*	*743*
Reserves and retained earnings (*)		*1,770,902*	*1,888,422*
Attributable to the equity shareholders of Etex (*)		1,774,178	1,891,698
Non-controlling interests		35,332	29,987
Non-current liabilities		**1,573,979**	**1,546,204**
Provisions	(20)	120,052	104,304
Employee benefits liabilities	(22) (23)	159,858	154,933
Loans and borrowings	(24)	1,072,297	1,054,279
of which leasing	(24)	*124,900*	*130,914*
Deferred tax liabilities	(25)	208,680	212,900
Other non-current liabilities	(26)	13,092	19,788
Current liabilities		**1,231,693**	**1,216,267**
Provisions	(20)	39,337	48,255
Current portion of loans and borrowings	(24)	246,617	211,261
of which leasing	(24)	*26,525*	*27,495*
Trade and other liabilities	(26)	936,845	956,751
Liabilities held for sale	(12)	8,894	-
TOTAL EQUITY AND LIABILITIES		**4,615,182**	**4,684,156**

(*) 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 sales' for €-17,000 thousand. Within the equity there is an impact on 'Cumulative translation adjustments' of €2,400 thousand.

Consolidated statement of cash flows

In thousands of EUR	Notes	2022	2023
Operating income (EBIT)		360,990	398,816
Depreciation, amortization and impairment losses - owned	(27)	200,766	224,798
Depreciation, amortization and impairment losses - leased assets	(27)	29,796	33,159
Losses (gains) on sale of intangible assets and property, plant and equipment	(27)	7,219	16,245
Losses (gains) on sale of businesses		1,369	6,473
Income tax paid	(27)	-97,810	-128,777
Changes in working capital, provisions and employee benefits	(27)	-89,242	944
Changes in other non currents assets/liabilities		-3,195	824
Cash flow from operating activities		**409,893**	**552,482**
Proceeds from sale of intangible assets and property, plant and equipment	(27)	13,188	4,927
Acquisition of business	(9)	-675,894	-204,648
Cash and cash equivalent scope-in impact of acquired business		70,481	19,293
Disposal of business		196	10,143
Disposal of discontinued operations		-	70,150
Cash and cash equivalent scope-out impact of divested business		-256	-1,932
Capital expenditure - owned	(27)	-286,302	-337,813
Other investing activities	(a)	-4,814	55,200
Cash flow from investing activities		**-883,401**	**-384,681**
Capital increase / (decrease)		530	288
Proceeds of borrowings	(27)	864,391	4,487
Repayment of borrowings	(27)	-317,736	-100,369
Interest and dividend received	(27)	8,587	20,901
Dividend paid	(27)	-69,983	-74,709
Interest paid		-24,836	-50,348
Cash flow from financing activities		**460,953**	**-199,750**
Net increase (decrease) in cash and cash equivalents		**-12,555**	**-31,949**
Cash and cash equivalents at the beginning of the year		201,110	201,300
Translation differences		12,744	-9,502
Net increase (decrease) in cash and cash equivalents		-12,555	-31,949
Net cash and cash equivalents at the end of the year		**201,300**	**159,849**
Cash and cash equivalents		*206,038*	*162,488*
Bank overdrafts		*-4,738*	*-2,639*

(a) 'Other investing activities' in 2023 mainly include the unwinding impact of one of our interest rate swap agreements (€55,200 thousand). We also refer to note 6 – Finance income and expense.

Consolidated statement of changes in equity

	Attributable to the equity holders of Etex (Note 19)						
in thousands of EUR	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustments (*)	Other reserves and retained earnings	Non-controlling interests	Total Equity
At Dec. 31, 2021	3,276	-19,988	-246,749	-379,744	2,028,757	28,551	1,414,102
Total comprehensive income	-	-	256,907	-59,134	210,309	7,105	415,187
Capital increase / (decrease)	-	-	-	-	-	530	530
Dividend	-	-	-	-	-65,658	-5,368	-71,027
Other equity movements	-	-	-	-	46,203	4,515	50,718
Treasury shares	-	-	-	-	-	-	-
At Dec 31, 2022	3,276	-19,988	10,158	-438,878	2,219,610	35,332	1,809,510
Total comprehensive income	-	-	-55,852	-65,968	266,731	-4,562	140,348
Capital increase / (decrease)	-	-	-	-	-	288	288
Dividend	-	-	-	-	-72,693	-1,157	-73,850
Other equity movements	-	-	-	-	45,302	87	45,389
Treasury shares	-	-	-	-	-	-	-
At Dec 31, 2023	3,276	-19,988	-45,694	-504,846	2,458,950	29,987	1,921,685

(*) 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 'Asset held for sale' for €-17,000 thousand. Within the equity there is an impact on 'Cumulative translation adjustments' of €2,400 thousand.

Accounting policies

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

The financial statements have been authorised for issue by the Board of Directors on 18 April 2024.

Statement of compliance

The consolidated financial statements of Etex for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

The Group applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 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).
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.

Amendments to IAS 12 'Income Taxes': International Tax Reform – Pillar Two Model Rules (effective 1 January 2023).
The IASB has issued these amendments introducing: a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and targeted disclosure requirements for affected entities.

Climate-related matters
The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislations. The items and considerations that are most directly impacted by climate-related matters are:

- Decommissioning liability: the impact of climate-related legislation and regulations and also resulting constructive obligations are considered in estimating the timing and future cost of plant demolition and site-restoration obligations;
- Emission rights: the Groups receives free emission rights on an annual basis, also purchase on the market additional emission rights if required and is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted which implies the classification of purchased emission rights as intangibles but only showing a provision when it exceeds the free received emission rights;
- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;
- Impairment of non-financial assets. The value-in-use may be impacted in several different way by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. The Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill impairment.

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

Basis of preparation

A - Functional and presentation currency

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

B - Basis of measurement

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

C - Use of judgement, estimates and assumptions

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

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

Impairment of non-financial assets

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

Provisions

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

Employee benefits

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

Recognition of deferred tax assets on tax losses carried forward

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

Cash-settled share-based payment transaction

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

Financial instruments

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

Business Combinations

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

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

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

Transaction costs are recognised in the income statement when incurred.

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

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

Hyperinflation

In May 2018, the Argentinian peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies as of 1 January 2018. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities stated at historical cost, the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into Euro at the period closing exchange rate. Consequently, the company has applied hyperinflation accounting for its Argentinian subsidiaries applying the IAS 29 rules as follows:

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

D - Basis of consolidation

Subsidiaries

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

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

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

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

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

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

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

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

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

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

Investments in associates and joint ventures

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

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

E - Foreign operations

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

F - Transactions in foreign currencies

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

G - Exchange rates

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

		2022		2023	
		Average	End of period	Average	End of period
Argentinean peso	ARS	189.9155	189.9155	894.7116	894.7116
Australian dollar	AUD	1.5167	1.5693	1.6310	1.6263
Brazilian real	BRL	5.4396	5.5694	5.3937	5.3516
Chilean peso (000)	CLP	0.9177	0.9160	0.9101	0.9701
Chinese yuan	CNY	7.0791	7.4229	7.6736	7.7586
Colombian peso (000)	COP	4.4751	5.1306	4.6557	4.2220
Danish krone	DKK	7.4396	7.4365	7.4513	7.4529
Hungarian forint	HUF	391.3390	400.2500	381.6390	382.7800
Indonesian rupiah (000)	IDR	15.6249	16.5198	16.4878	17.0797
Nigerian naira	NGN	449.3027	493.4692	715.7344	1,001.3600
Peruvian nuevo sol	PEN	4.0374	4.3600	4.0461	4.3780
Polish zloty	PLN	4.6863	4.6899	4.5332	4.3480
Pound sterling	GBP	0.8529	0.8869	0.8691	0.8691
South African rand	ZAR	17.2119	18.0986	19.9946	20.3477
US dollar	USD	1.0529	1.0666	1.0817	1.1050

Risk profile

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

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

The Group is active around the world. As such, the group is exposed to the impact of currency fluctuations on revenues, costs, assets, and liabilities arising outside the Eurozone. In 2023, the Group continued to follow our well-thought-out policies for addressing these risks.

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

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

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

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

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

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

Significant accounting policies

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

A - Property, plant and equipment

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

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

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

Subsequent expenditures

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

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

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

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

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

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

Depreciation

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

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

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

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

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

B - Intangible assets

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

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

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

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

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

C - Goodwill

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

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

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

D - Investment property

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

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

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

E - Impairment of assets

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

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

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

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

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

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

F - Investments in debt and equity securities

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

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

G - Government grants

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

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

H - Inventories

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

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

I - Trade and other receivables

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

J - Cash and cash equivalents

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

K - Share capital

Ordinary shares

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

Treasury shares

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

Dividends

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

L - Provisions

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

Warranty provisions

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

Restructuring provisions

Restructuring provisions are recognised when the following conditions are met:

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

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

Emission rights

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

Other provisions

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

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

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

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

M - Contingencies

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

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

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

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

Defined benefits plans

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

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

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

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

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

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

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

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

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

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

Defined contributions plans

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

Other long term benefits plans

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

Short term benefits

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

Termination benefits

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

O - Employee benefits – Share based payment transactions

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

P - Financial liabilities

Bank loans and other borrowings

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

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

Lease liabilities

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

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

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

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

Liabilities related to put options granted to non-controlling interests

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

Q - Trade and other payables

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

R - Risk Management

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

a. Market risk

b. Credit risk

c. Liquidity risk

d. Capital risk

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

a. Market risk

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

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

Currency risk

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

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

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

Interest rate risk

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

Equities and securities risk

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

b. Credit risk

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

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

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

c. Funding and long term liquidity risk

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

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

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

d. Capital risk

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

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

S - Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts, commodity hedges and interest rate swaps to hedge its risk associated with foreign currency, commodity prices and interest rate fluctuations. In accordance with its treasury policy, the Group does not hold derivative financial instruments for trading purposes. Derivative financial instruments that do not qualify for hedge accounting are accounted for as financial assets and liabilities at fair value through profit and loss.

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

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

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

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

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

– a hedge of a net investment in a foreign entity.

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

– The hedging relationship is documented as of its inception.

– The hedging is highly effective in achieving its objective.

– The effectiveness can be reliably measured.

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

Cash flow hedge

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

Net investment hedge

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

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

T - Income taxes

Income taxes include current and deferred income taxes.

Current income taxes

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

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

Deferred income taxes

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

Deferred tax liabilities are recognised, except:

- where the temporary differences arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit on that date.
- in respect of taxable temporary differences associated with investments in subsidiaries, equity accounted entities and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

U - Revenue

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

Sales of goods

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

Project - Construction contracts

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

Rental income

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

Interest income

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

Dividends

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

V - Expenses

Finance income and expenses

Finance costs comprise:

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

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

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

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

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

X – Non-recurring items

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

Y - Hyperinflation

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

Z - Future changes in accounting policies

New or amended standards and interpretations issued up to the date of issuance of the Group's financial statements, but not yet effective for 2023 financial statements, which could be applicable to the Group are listed below.

The following new standard and amendments have been issued, are not mandatory for the first time for the financial year beginning 1 January 2023 but have been endorsed by the European Union:

Amendments to IFRS 16 'Leases': Lease Liability in a Sale and Leaseback (effective 1 January 2024).

The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur as these relate to the right of use terminated and not the right of use retained.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2023 and have not been endorsed by the European Union:

Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2024)

It affects only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
- Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': Supplier Finance Arrangements (effective 1 January 2024).

The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (effective 1 January 2025).

IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:

- Determining when a currency is exchangeable into another and when it is not;
- Determining the exchange rate to apply in case a currency is not exchangeable;
- Additional disclosures to provide when a currency is not exchangeable.

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

Amendments to IAS 12 'Income Taxes': International Tax Reform – Pillar Two Model Rules

On May 2023, the IASB issued the amendments to IAS 12, Income Taxes.
The amendments (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules, and (b) introduce additional disclosure requirements.

These amendments to IAS 12 are to be applied immediately in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors.
The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

In December 2023, the Belgian government has enacted the Pillar Two income taxes legislation which would be effective as of January 1, 2024. Given that the consolidated revenue threshold of EUR 750 million is exceeded, the Group will be liable to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%.

Based on the most recent available tax filings, country-by-country reporting and financial statements of the Group constituent entities, the Group performed a preliminary assessment of the potential exposure to Pillar Two income taxes. Based on this assessment, the Pillar Two effective tax rates in the majority of jurisdictions in which the Group operates are above the minimum effective tax rate and no Pillar Two impact is expected in those jurisdictions. However, for our companies in Hungary, Romania and the United Arab Emirates where the effective tax rate is expected to be in the range of 9% to 11%, transitional safe harbor relief would not apply and a limited exposure to Pillar Two income taxes may be expected based on best estimates available per balance sheet date. The Group will be in a position to report this exposure in 2024.

Explanatory notes

Note 1 – Revenue

Revenue by activity

In thousands of EUR	2022	2023
Building Performance	2,433,598	2,380,800
Exteriors	682,586	594,826
Insulation	311,972	525,968
Industry	203,135	244,241
New Ways	82,606	62,063
Total	3,713,897	3,807,898

At the end of May 2022, Etex completed the acquisition of the thermal and acoustic insulation expert URSA (part of Insulation). 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.

Revenue by geographical area

In thousands of EUR	2022	2023
France	720,200	782,184
United Kingdom	512,303	555,629
Germany	381,889	391,763
Benelux	222,826	237,040
Spain	186,579	216,298
Italy	134,925	153,713
Poland	122,351	135,718
Ireland	78,480	72,932
Romania	54,919	58,358
Other Europe	279,040	267,602
Australia	207,265	222,061
Chile	118,669	102,410
Peru	86,756	84,800
Colombia	89,553	80,690
Argentina	113,068	79,502
Nigeria	119,697	78,888
Brazil	71,931	77,467
Rest of the World	213,446	210,843
Total	3,713,897	3,807,898

Note 2 – 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 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	
	2022	2023	2022	2023	2022	2023	2022	2023
Revenue	2,718,682	2,909,429	496,966	441,487	209,827	219,751	114,843	104,396
Operating income before non recurring items (REBIT)	289,114	346,042	58,328	52,911	25,377	26,074	10,787	11,422
Depreciations, amortizations and impairment losses	156,580	187,499	23,351	22,836	14,266	17,130	8,526	7,791
Recurring operating cash flow (REBITDA)	445,695	533,541	81,679	75,747	39,643	43,204	19,314	19,213
Non recurring items	-47,396	-55,672	-4,420	-3,671	-106	-1,168	-757	-629
Operating segment income (EBIT)	241,719	290,370	53,909	49,241	25,271	24,906	10,031	10,793
Capital expenditures	203,929	253,343	26,596	35,328	3,369	5,268	5,580	3,853

In thousands of EUR	Europe		Latin America		Australia		Asia	
	2022	2023	2022	2023	2022	2023	2022	2023
Segment assets	3,320,973	3,540,825	453,603	458,744	257,784	241,291	138,559	130,297
Segment Liabilities	1,381,508	1,411,547	110,024	105,327	49,564	57,398	26,013	22,452
Capital employed	2,511,136	2,835,666	261,685	263,731	222,376	192,287	99,644	95,033

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	2022	2023	2022	2023	2022	2023	2022	2023
Revenue	145,904	105,665	27,675	27,169	-	-	3,713,897	3,807,898
Operating income before non recurring items (REBIT)	44,940	26,546	2,960	3,259	-285	-10	431,222	466,244
Depreciations, amortizations and impairment losses	4,612	3,454	744	775	5,624	6,510	213,704	245,995
Recurring operating cash flow (REBITDA)	49,552	30,000	3,704	4,034	5,335	6,503	644,922	712,242
Non recurring items	-2,633	284	-	-	-14,916	-6,572	-70,228	-67,429
Operating segment income (EBIT)	42,307	26,829	2,960	3,259	-15,205	-6,582	360,990	398,816
Capital expenditures	37,357	27,672	1,049	360	8,424	11,989	286,302	337,813

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	2022	2023	2022	2023	2022	2023	2022	2023
Segment assets	147,787	90,459	14,462	16,189	282,014	206,352	4,615,182	4,684,156
Segment Liabilities	82,122	36,379	1,744	3,884	1,154,697	1,125,482	2,805,672	2,762,471
Capital employed	63,837	55,938	9,906	13,397	120,021	73,808	3,288,605	3,529,861

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

Note 3 – Operating charges by nature

The Group's major operating charges by function in 2023 are as follows:

In thousands of EUR	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	Total
Cost of sales	-395,587	-166,838	-1,197,454	-370,440	-330,646	-172,845	-2,633,810
Distribution expenses	-254,124	-61,334	-	-1,556	-19,431	-122,257	-458,702
Administrative and general expenses	-138,735	-13,603	-	-1,062	-5,839	-64,556	-223,796
Other operating items	-19,793	-4,221	-	-41	-1,082	-210	-25,346
Non-recurring items	-18,624	-11,962	-	-	-	-36,843	-67,428
Total	-826,864	-257,957	-1,197,454	-373,099	-356,998	-396,711	-3,409,083

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

In thousands of EUR	Personnel & temporary	Depreciation & impairment	Goods & materials	Energy	Transport & travel	Others	Total
Cost of sales	-376,045	-151,566	-1,238,955	-312,812	-373,354	-179,866	-2,632,596
Distribution expenses	-225,435	-38,066	-	-649	-15,781	-125,818	-405,749
Administrative and general expenses	-131,181	-21,656	-	-793	-7,038	-66,925	-227,593
Other operating items	-15,204	-2,416	-	-94	-534	1,511	-16,738
Non-recurring items	-11,980	-16,858	-2,613	-	-	-38,776	-70,228
Total	-759,845	-230,562	-1,241,568	-314,348	-396,707	-409,874	-3,352,903

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

In thousands of EUR	2022	2023
Wages and salaries	-545,986	-600,589
Social security contributions	-120,425	-129,368
Contributions to defined contribution plans	-14,072	-15,035
Charges for defined benefit plans (service cost)	-28,458	-24,143
Restructuring and termination charges	-11,980	-18,624
Other employee benefits expenses	-38,924	-39,105
Total employee benefits expenses	-759,845	-826,864

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

	2022	2023
Production	8,576	8,378
Sales and marketing	3,744	3,707
Administration and research	1,392	1,468
Average number of personnel	13,712	13,553

Note 4 – Other operating charges and income

In thousands of EUR	2022	2023
Research and development	-21,279	-25,442
Other operating taxes	-1,003	-1,096
Government grant amortisation	567	1,087
Miscellaneous	4,977	105
Total other operating charges & income	-16,738	-25,346

Comparatives reclassified conform to current year's presentation: €2,431 thousand costs from cost of sales to other operating charges (research).

Note 5 – Non-recurring items

In thousands of EUR	2022	2023
Gains / (losses) on disposal of assets	10,173	1,436
Gains / (losses) on disposal of businesses	-1,369	581
Total gains / (losses) on disposal of assets and businesses	**8,804**	**2,017**
Restructuring costs	-11,980	-19,550
Health claims	-776	-2,928
Environmental remediation	-24,266	-18,540
Asset impairment	-16,858	-11,036
Others	-25,151	-17,391
Total other non-recurring items	**-79,032**	**-69,445**
Non-recurring items	-70,228	-67,428

Etex has opted for a non-recurring classification of significant one-off impacts on the income statement, both positive and negative impacts relating to significant restructuring measures and business transformation, gain and losses on disposal of assets or businesses and goodwill impairments, settlements relating to post-employment liabilities or litigation not relating to current activities. Non-recurring items also include the impact of health claims and environmental remediation, as these health claims and environmental remediation impacts can fluctuate from one year to another and relate to the asbestos legacy of Etex.

The 2023 gain on disposal of assets relates to Nigerian non-operating assets which were held for sale. In 2022, it related mainly to additional disposal of non-operational sites in Germany and a paint production site in France.

The gain realised on disposal of business mainly relates to disposal of non-operational business in Latin America; in 2022, the loss on disposal of business related to a business disposal in Argentina and in Ecuador, also part of the New Ways divisions

The health claims charges reflect marginal adjustment to the experienced and expected increase in future cost in specific geographies.

Environmental remediation charges cover various projects for which costs were exposed to renovate asbestos-containing sites and properties.

In 2023, impairment losses are relating to New Ways division on the Sigmat brand acquired in 2021 in the framework of rebranding to Remagin (€7,167 thousand) and other impairment impacts in France (€2,610 thousand) and Ukraine (€1,206 thousand), mainly.

In 2022, impairment losses related to assets in Ukraine (€4,926 thousand) and in Russia (€1,933 thousand) relating to the Russian invasion of Ukraine and the bombing of the Etex plant in Bakhmut (Ukraine), as well as underperforming business of New Ways in France (€4,873 thousand) and a few more idle or replaced equipments in France and in the United Kingdom.

Restructuring charges in 2023 mainly related to the following:

- the closure of the Meldreth plant (UK) and related redundancies, impairment and other costs (€6,747 thousand)
- numerous initiatives and measures to reduce overheads costs mainly in France, in Germany and Belgium, across divisions, and affecting mainly sales roles but also operations and support functions.

In 2022, following restructuring measures are implemented:

- additional provisions regarding the closure of the Bègles plasterboard-paper mill (€3,875 thousand), closed in 2021,
- site clean-up provisions related to the closed paint facility in Vernon (€1,174 thousand) prior to disposal,
- dismantling provisions related to the closure of the gypsum tile line in Mazan site in France (€1,396 thousand),
- the remaining restructuring amount (€5,535 thousand) relates to multiple countries where measures to reduce cost base have been initiated in 2022, mainly in Germany (€1,467 thousand), in Belgium (€1,087 thousand) and in Chile (€969 thousand).

In 2023, other non-recurring (€17,391 thousand) charges are resulting mainly from:

- one-off costs (€12,309 thousand) with respect to acquisitions (Skamol, Superglass) and disposals (URSA Eurasia) as well as related integration (including URSA).
- charges related to the termination of e-Loft operations in France.

Other non-recurring charges amount to €25,151 thousand in 2022, and mainly included:

- one-off charges incurred with the acquisition of URSA (€13,353 thousand),
- impact of ongoing re-shaping the 3D business of New Ways in France (€5,230 thousand), partially offset by e-Loft compensation to reduce the net acquisition price paid in 2021, following and agreement between Etex and previous shareholders.
- preparation works on non-operating site in Germany, realised with the intention to dispose (€2,949 thousand),
- inventory write-off in Ukraine after bombing Etex' operations in Bakhmut (€2,613 thousand),
- donation of modular houses towards area in Belgium impacted by the floods in 2021 (€1,623 thousand).

Note 6 – Finance income and expense

In thousands of EUR	2022	2023
Interest income from receivables, deposits and cash and cash equivalents (loans and receivables)	8,491	20,586
Positive impact of change in discount rate of long term provisions	2,267	2,974
Other interest related income	648	93
Interest income	**11,406**	**23,653**
Interest expense on financial liabilities measured at amortised cost	-24,794	-50,288
Net interest expense on post-employment benefits	-4,324	-984
Unwinding of discount long term provisions	-	-240
Negative impact of change in discount rate of long term provisions	-35	-377
Other interest related charges	-4,710	-13,645
Interest expense	**-33,863**	**-65,534**
Dividend income from shares in non consolidated companies	1	-
Net foreign exchange gains (loans and receivables)	27,496	46,070
Other	433	54,998
Other finance income	**27,930**	**101,068**
Net foreign exchange losses	-16,797	-17,341
Impairment of shares in non consolidated companies	-74	-75
Hyperinflation Argentina	-24,328	-45,667
Other	-843	-1,263
Other finance expense	**-42,042**	**-64,346**
Net finance costs	-36,569	-5,160

The interest income from receivables, deposits and cash and cash equivalents increased mainly because of rising interest rates across all currencies in 2023. The interest expense on financial liabilities measured at amortised cost increased because of an increased average net financial debt position and rising interest rates. The effect of the interest rate swaps hedging the Group's interest rate risk in 2023 amounts to €13,639 thousand (€453 thousand paid in 2022).

The other interest related charges of €-13,645 thousands in 2023 (€-4,710 thousand in 2022) mainly include interest charges linked to the non-recourse factoring program for €-12,904 thousand (€-2,523 thousand in 2022).

The other finance income of 2023 mainly includes the unwinding impact of one of our interest rate swap agreements (€ 55,200 thousand).

Foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The net exchange gain in 2023 is the result of the Group's foreign exchange exposure in mainly Argentina and Nigeria on the current financial assets and liabilities in these countries, and the Pound Sterling financial assets / liabilities in European companies.

The impact of hyperinflation in Argentina in 2023 is €-45,667 thousand (€-24,328 thousand in 2022).

Note 7 - Income tax expense

In thousands of EUR	2022	2023
Current income tax charge for the year	-94,841	-112,139
Adjustments to current income tax of previous years	-2,222	6,810
Current income tax expense	**-97,063**	-105,329
Origination and reversal of temporary differences	3,299	1,301
Net effect on deferred tax assets	-9,393	-9,075
Net effect of changes in tax rates on deferred tax	751	-269
Deferred income tax expense	**-5,343**	-8,043
Total income tax expense	-102,406	-113,372

The reconciliation between the effective income tax expense and the theoretical income tax expense is summarised below. The theoretical income tax expense is calculated by applying the domestic nominal tax rate of each Group entity to their contribution to the Group profit before income tax and before share of the profit in equity accounted investees.

In thousands of EUR	2022	2023
Profit before income tax, before share of profit in equity accounted investees and before share of profit from companies held for sale	324,421	393,656
Theoretical income tax expense (nominal rates)	-87,595	-104,075
Weighted average nominal tax rate %	27.0%	26.4%
Tax impact of		
Non deductible expenses	-14,003	-20,326
Tax on profit distribution inside the Group	-4,251	-3,875
Other tax deductions	16,517	17,924
Unrecognised deferred tax assets on current year losses	-12,373	-26,478
Recognition of previously unrecognised deferred tax assets	7,595	20,619
Derecognition of previously recognised deferred tax assets	-4,615	-3,216
Net effect of changes in tax rates on deferred tax	751	-269
Adjustments to prior year income tax	-2,222	6,810
Other tax adjustments	-2,210	-486
Income tax expense recognised in the income statement	-102,406	-113,372
Effective tax rate %	31.6%	28.8%

The recognition of previously unrecognized deferred tax assets relates mainly to the structural changes being implemented that allow the future use on tax losses carried forward.

Income tax recognised directly in equity is related to:

In thousands of EUR	2022	2023
Actuarial gains (losses) on post employment benefit plans	-53,776	-8,544
Gains (losses) on financial instruments - cash flow hedging	-31,548	26,501
Total	-85,324	17,957

Note 8 - Property, plant and equipment

In thousands of EUR	Land and buildings	Plant, machinery, equipment	Furniture, vehicles	Other property, plant, equipment	Under construction	Total
At 31 December 2021						
Gross book value	1,174,560	2,206,267	231,130	30,938	150,782	3,793,677
Accumulated depreciation	-537,177	-1,423,502	-163,825	-24,848	-	-2,149,352
Accumulated impairment loss	-9,282	-43,420	-658	-76	-2,836	-56,272
Net book value	**628,101**	**739,345**	**66,647**	**6,014**	**147,946**	1,588,053
Of which leased assets	*113,346*	*24,005*	*18,896*	*449*	*-*	*156,696*
Additions	12,789	67,711	11,557	2,784	185,596	280,437
Disposals	-3,335	-342	-352	-173	-	-4,202
Acquisition of subsidiaries	89,628	142,719	7,943	4,085	15,259	259,634
Disposal of subsidiaries	-	-515	-1	1	-	-515
Transfer between captions	16,985	44,016	942	1,165	-67,939	-4,831
Depreciation for the year	-43,885	-107,109	-21,298	-3,357	-	-175,649
Impairment loss of the year	-4,436	-9,701	-317	-267	-522	-15,243
Reversal impairment loss	53	-	-15	-	-	38
Hyperinflation - impact of the year	6,959	8,303	939	1	12,818	29,020
Translation differences	-8,137	-10,623	-627	7	-8,235	-27,615
At 31 December 2022						
Gross book value	1,345,912	2,717,364	259,637	45,917	288,216	4,657,046
Accumulated depreciation	-634,650	-1,801,184	-193,283	-35,330	-	-2,664,447
Accumulated impairment loss	-16,540	-42,376	-936	-327	-3,293	-63,472
Net book value	**694,722**	**873,804**	**65,418**	**10,260**	**284,923**	1,929,127
Of which leased assets	*102,637*	*25,522*	*19,084*	*370*	*-*	*147,613*
Additions	32,402	60,853	21,666	3,353	220,566	338,840
Disposals	-2,487	-371	-334	-5	-82	-3,279
Acquisition of subsidiaries	33,603	115,731	2,699	523	575	153,131
Disposal of subsidiaries	-2,183	-2,278	-499	-	-	-4,960
Transfer between captions	50,248	39,758	2,208	1,585	-108,534	-14,735
Depreciation of the year	-47,044	-124,011	-22,564	-4,138	-	-197,757
Impairment loss of the year	-10	-1,308	-168	-	-2,371	-3,857
Reversal of impairment loss	-	-295	-9	-	-	-304
Hyperinflation - impact of the year	6,255	7,935	912	-	11,784	26,886
Translation differences	-7,739	-25,643	-2,255	-241	-29,833	-65,711
At 31 December 2023						
Gross book value	1,450,792	2,953,789	277,870	51,651	382,626	5,116,728
Accumulated depreciation	-677,068	-1,967,144	-209,964	-39,992	-	-2,894,168
Accumulated impairment loss	-15,957	-42,470	-832	-322	-5,598	-65,179
Net book value	**757,767**	**944,175**	**67,074**	**11,337**	**377,028**	2,157,381
Of which leased assets	*99,409*	*28,812*	*25,015*	*305*	*-*	*153,541*

During the year several investments were made in capacity increase, replacement, productivity and in sustainability, especially in United Kingdom, France, Nigeria, Peru, Belgium and Romania. There are some borrowing costs capitalised in 2023 for an amount of €3,895 thousand in Nigeria (€3,975 thousand in 2022).

The disposal proceeds of property, plant and equipment in 2023 amount to € 1,574 thousand, resulting in a net loss of €-1,706 thousand. In 2022, the proceeds amounted to €4,669 thousand with a net gain of €468 thousand.

Acquisition of subsidiaries (€153,131 thousand) represents the impact of the acquisition projects done in 2023 as disclosed in note 9.2 – Business combinations.

We refer to note 9.3 for the impairment testing of capital employed.

Note 9 – Goodwill and business combinations

9.1. Reconciliation of the carrying amount of goodwill

In thousands of EUR	2022	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	39,096
Translation differences	-2,892	4,435
Net book value at the end of the year	682,032	725,563
Gross book value	715,401	731,817
Accumulated impairment losses	-33,369	-6,254

The 2023 movements are the result of (i) the increase of the goodwill by €39,096 thousand from the different acquisition projects completed in 2023 across different divisions (see Note 9.2) and (ii) the change in translation differences (€4,435 thousand) on the Polish URSA goodwill mainly. Due to the termination of e-Loft operations the Group deconsolidated the company leading to the retirement of the goodwill (€0 thousand) impacting the gross book value (€-26,481 thousand) and accumulated impairment losses (€26,481 thousand).

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

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

In thousands of EUR	2022	2023
Insulation	485,080	512,751
Building Performance	118,223	117,416
Industry	27,179	43,148
New Ways	40,220	40,938
Exteriors	11,330	11,310
Total	682,032	725,563

9.2. Business combinations

In May 2023, Etex acquired 100% of the shares of 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; for a total consideration of €80,247 thousand.

In June 2023, Etex acquired 100% of the shares of 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; for a total consideration of €90,030 thousand.

In June 2023, Etex acquired 100% of the shares of Betacon, a Romanian company to secure raw material supply for plasterboard activities in Romania; for a total consideration of €3,620 thousand.

In December 2023, Etex acquired SCALAMID, a Polish manufacturer of fibre cement panels featuring cutting-edge digital printing and coating technology; for a total consideration of €30,752 thousand.

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

The acquisition cost (including duties) for the 2023 acquisition project amount to €7,042 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	Skamol	Superglass	Betacon	SCALAMID	2023
Non-current assets	452,726	100,755	82,816	3,504	30,752	217,827
Property, plant and equipment	260,209	48,758	72,270	3,495	28,240	152,763
Property, plant and equipment - owned	249,273	47,491	64,507	3,495	28,240	143,733
Property, plant and equipment - leased	10,936	1,267	7,763	-	-	9,030
Assets held for sale	56	-	-	-	-	-
Intangible assets	174,886	50,081	10,546	-	2,512	63,139
Other non-current assets	604	-	-	9	-	9
Deferred tax assets	16,960	1,916	-	-	-	1,916
Employee benefits assets	11	-	-	-	-	-
Current assets	267,617	39,751	42,108	116	-	81,975
Inventories	66,202	10,484	6,469	-	-	16,953
Trade and other receivables	38,490	15,025	11,707	-	-	26,732
Current financial assets	597	10,021	-	101	-	10,122
Assets held for sale	91,594	-	10,273	-	-	10,273
Cash and cash equivalents	70,734	4,221	13,659	15	-	17,895
TOTAL ASSETS	720,343	140,506	124,924	3,620	30,752	299,802
Non-current liabilities	378,988	23,982	17,649	-	-	41,631
Provisions	5,690	-	-	-	-	-
Employee benefits liabilities	4,453	67	-	-	-	67
Loans and borrowings	298,281	7,168	7,763	-	-	14,931
of which leasing	*10,936*	*1,267*	*7,763*	-	-	*9,030*
Deferred tax liabilities	67,579	16,747	9,562	-	-	26,309
Other non-current liabilities	2,985	-	324	-	-	324
Current liabilities	152,157	52,091	40,526	-	-	92,617
Current portion of loans and borrowings	15,144	38,357	22,772	-	-	61,129
Trade and other liabilities	125,313	13,734	17,754	-	-	31,488
Liabilities held for sale	11,700	-	-	-	-	-
TOTAL LIABILITIES	531,145	76,073	58,175	-	-	134,248
Net identifiable assets and liabilities	189,198	64,433	66,749	3,620	30,752	165,554
Group share	189,198	64,433	66,749	3,620	30,752	165,554
Acquisition price satisfied in cash (Group share)	675,894	80,247	90,030	3,620	30,752	204,648
Goodwill generated	486,696	15,815	23,281	-	-	39,096

The goodwill generated by this acquisition is explained by the synergies expected from this transaction. As a part of the net asset valuation was not finalised, the disclosed goodwill is only provisional.

The revenue and net result group share contribution to the 2023 consolidated income statement of the acquired businesses amount to respectively €82,580 thousand and €-1,764 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 €159,678 thousand and €-227 thousand.

9.3 Acquisitions on non-controlling interests

Within the share purchase agreements of the acquisitions project Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At year-end 2023 the call/put option is measured at fair value and qualified as financial liability amounting to €5,849 thousand. We also refer to Note 24 – Loans and borrowings.

9.4 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.

The capital employed and goodwill values tested in the global cash-generating unit Building Performance include the goodwill generated by the acquisition of the plasterboard business in Europe and in Brazil in 2011, of Pladur in 2017 and of the technical construction business, at the time part of the Fire Protection and Insulation business, generated by the acquisition of Comais (1996, calcium silicate boards), Intumex (2000, intumescent products) and Cafco (2007, paint and spray) as allocated in 2017 between the Etex Building Performance and the Etex Industry divisions. It also includes a portion of the goodwill impact of the 2020 acquisition of FSi Limited (passive fire protection) and the goodwill generated by the acquisition of Knauf Plasterboard Pty Limited in Australia (2021).

Etex Industry capital employed value, consistently tested as one whole, include the above-mentioned goodwill values and the impact of the acquisition of Microtherm (2011, high performance insulation), a portion of the goodwill impact of the 2020 acquisition of FSi Limited (passive fire protection) and the goodwill impact of Skamol acquisition in 2023.

The global cash-generating unit for Etex Exteriors was tested: it covers fibre-cement façade and roofing business in Europe and in Americas and was tested for impairment on its capital employed including goodwill, mainly relating to the acquisition of business in Nordic countries (2008).

Etex New Ways capital employed value, to be consistently tested as one whole, include the goodwill generated by the acquisition of EOS (2016) and the acquisition of Evolusion Innovation Group, Horizon Offsite and the Sigmat Group (all in 2021). In 2021 and in 2022, the company e-Loft, active on the French market specifically in 3-dimensions wood offering, required an impairment with respect to goodwill value and most of the value of its intangible assets (€33,486 thousand, in 2021) and on fixed assets (€4,873 thousand, in 2022); this business was terminated in 2023.

The capital employed and goodwill values tested in the global cash-generating unit Insulation include the goodwill generated by the acquisition of the URSA insulation business (2022) and the goodwill impact of the Superglass acquisition in 2023.

The recoverable amount of the cash-generating units Etex Building Performance, Exteriors, Industry, New Ways and Insulation was based on its value in use and exceeds the values of their respective capital employed. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- cash flows were projected based on actual operating results and the 3-year business plan (in some instances extrapolated to 9 years before constant growth rate applies),
- cash flows for further periods were extrapolated using a constant growth rate of 3.0% per annum (3.0% in 2022).
- cash flows were discounted using the weighted average cost of capital (WACC) in a range of 10.05% to 15.38% depending on the countries involved (8.83% to 13.08% in 2022).

In connection with the impairment testing process on the capital employed including goodwill, the future cash flows were subjected to sensitivity analysis that included changes in individual macroeconomic parameters as part of a sensitivity analysis. Goodwill values are not sensitive to reasonable changes in assumptions (such as an increase of WACC by 1%).

Etex management will closely monitor the impact of macro-economic evolution.

Note 10 – Intangible assets other than goodwill

In thousands of EUR	Concessions	Software	Brands	Technology	Customer list	Others	Total
At 31 December 2021							
Gross book value	77,313	111,698	117,717	82,624	138,649	25,628	553,629
Accumulated amortisation	-15,956	-88,077	-68,428	-46,390	-42,114	-7,913	-268,878
Accumulated impairment losses	-6,073	-201	-7,005	-	-937	-	-14,216
Net book value	**55,284**	**23,420**	**42,284**	**36,234**	**95,598**	**17,715**	**270,535**
Additions	-	1,276	-	36	-	19,570	20,882
Disposals	-	-3	2	-	-2	-14,902	-14,905
Acquisition of subsidiaries	74	957	84,018	-	78,278	11,175	174,502
Disposal of subsidiaries	-	-8	-	-	-	-5	-13
Transfer between captions	4	3,169	-	20	-	175	3,368
Amortisation for the year	-237	-7,466	-9,852	-4,772	-12,217	-2,770	-37,314
Impairment loss of the year	-81	-2,389	-	-	-	-15	-2,485
Translation differences	51	57	-882	-497	-1,651	-385	-3,307
At 31 December 2022							
Gross book value	80,431	120,605	199,885	81,788	215,111	59,929	757,749
Accumulated amortisation	-19,182	-99,450	-77,310	-50,767	-54,064	-29,356	-330,129
Accumulated impairment losses	-6,154	-2,142	-7,005	-	-1,041	-15	-16,357
Net book value	**55,095**	**19,013**	**115,570**	**31,021**	**160,006**	**30,558**	**411,263**
Additions	3	3,128	-	-	-	28,980	32,111
Disposals	-	13	-	-	-2	-17,105	-17,094
Acquisition of subsidiaries	2,029	3,521	21,975	6,828	22,816	5,817	62,986
Transfer between captions	-8	14,706	60	-	-	-23	14,735
Amortisation for the year	-368	-7,878	-13,084	-5,631	-15,495	-5,201	-47,657
Impairment loss of the year	-1,206	-	-7,167	-	-	-	-8,373
Translation differences	-30	-293	1,098	216	-33	106	1,064
At 31 December 2023							
Gross book value	82,462	130,929	223,671	89,633	237,248	86,203	850,146
Accumulated amortisation	-19,662	-96,387	-91,046	-57,199	-69,162	-43,056	-376,512
Accumulated impairment losses	-7,285	-2,332	-14,173	-	-794	-15	-24,599
Net book value	**55,515**	**32,210**	**118,452**	**32,434**	**167,292**	**43,132**	**449,035**

The other additions amounting to €28,980 thousand mainly relate to the acquisition of emission rights (€27,480 thousand).

Acquisition of subsidiaries (€62,986 thousand) represents the impact of the acquisition projects done in 2023 as disclosed in note 9.2 – Business combinations.

We refer to note 9.4 for the impairment testing of capital employed.

Note 11 – Investment properties

In thousands of EUR	2022	2023
Gross book value	25,720	27,608
Accumulated depreciation	-9,352	-9,676
Accumulated impairment losses	-5,842	-5,698
Net book value at the beginning of the year	10,526	12,234
Depreciation for the year	-39	-42
Reversal of impairment losses	144	33
Transfer between captions	1,463	-
Disposals	-	-915
Hyperinflation - impact of the year	677	315
Translation differences	-537	-1,359
Net book value at the end of the year	12,234	10,266
Gross book value	27,608	23,867
Accumulated depreciation	-9,676	-7,936
Accumulated impairment losses	-5,698	-5,665

Investment properties comprise several pieces of land and buildings, mainly in France, Italy and Germany. In 2023 the disposal amounting to €-915 thousand mainly related to investment properties in Nigeria, sold for a consideration of €2,351 thousand. In 2022 the transfer between captions concerns Nigerian assets, previously shown as 'property, plant & equipment' (gross carrying amount of €1,498 thousand and accumulated depreciations for €-36 thousand).

The fair value of the investment properties is estimated at €19,567 thousand (€18,583 thousand in 2022). Where external valuations were not available, best estimates have been used.

Note 12 – Assets and liabilities held for sale

	2022		2023	
In thousands of EUR	Assets	Liabilities	Assets	Liabilities
Gross book value	11,485	-	94,568	8,894
Accumulated impairment losses	-4,975	-	-4,228	-
Net book value at the beginning of the year	6,510	-	90,340	8,894
Result of the year	6,635	-	5,871	-
Impairment losses	-14	-	-	-
Disposals	-1,346	-	-	-
Additions	13	-	-	-
Acquisition of subsidiaries	94,050	11,700	-	-
Disposal of subsidiaries	-	-	-97,144	-7,344
Translation differences	-15,507	-2,806	6,126	-1,550
Net book value at the end of the year	90,341	8,894	5,194	-
Gross book value	94,569	8,894	9,096	-
Accumulated impairment losses	-4,228	-	-3,902	-
Non-current at the end of the period	5,214	-	5,194	-
Current at the end of the period	85,127	8,894	-	-

For 2023 and 2022 the non-current assets held for sale are mainly lands, buildings and machines that are not used in operations and for which the Group is actively looking for a buyer. Most of these assets are located in Spain and Germany.

In 2023 the current assets and liabilities held for sales of URSA Eurasia have been disposed for a total consideration paid of €70,155 thousand, resulting in a loss on disposal of €19,645 thousand predominately due to the recycling of cumulative translation adjustments. This divestment loss, the result of the year (€5,871 thousand) and other impacts of the disposal are reported within the discontinued operations.

The 2022 the current assets and liabilities held for sale, and the acquisition of subsidiaries, are linked to acquired assets and liabilities of URSA Eurasia within the total acquisition of the URSA insulation activities. The 2022 financial position has been restated as a result of the final purchase price allocation. 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.

In 2022, some non-current assets held for sale located in Germany and Spain have been disposed for a total consideration paid of €8,218 thousand, resulting in a gain on disposal of €6,861 thousand.

Note 13 – Investments in equity accounted entities

In thousands of EUR	2022	2023
At the beginning of the year	11,105	6,140
Result for the year	-10,247	518
Dividends paid	-887	-641
Disposal	-887	-
Capital increases	5,565	13
Cumulative translation adjustments	1,490	947
At the end of the year	6,140	6,977

In 2023 the group divested the shares of E2E (Chilean joint venture), including Tecverde in Brazil, (with net book value of €0 thousand) for a total consideration of €112.

The 2022 disposal value represents the sale of EBS Argentina (€-887 thousand) for a total consideration of €93 thousand.

In 2022 the Group's share of the capital increase in E2E equals to €5,565 thousand. In 2022, the net equities of E2E and Tecverde have been impaired (€-5,717 thousand) which is embedded in the result of the year amounting to €-10,247 thousand.

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

In thousands of EUR	2022	2023
Property plant and equipment	5,257	3,981
Other non-current assets	1,446	156
Current assets	9,612	7,937
Non-current liabilities	-3,263	-944
Current liabilities	-6,912	-4,153
Total net assets	6,140	6,977
Revenue	27,366	26,641
Operating income	-4,169	-992
Profit after tax	-10,247	518

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

In thousands of EUR	2022	2023
Transactions		
Sales to associates	5,288	3,914
Dividends paid	887	641
Outstanding balances		
Other current receivables	1,183	-

Note 14 – Other non-current assets

In thousands of EUR	2022	2023
Trade and other receivables	*4,206*	*4,947*
Impairment on trade and other receivables	*-1,494*	*-1,459*
Net trade and other receivables	2,712	3,488
Derivative financial instruments with positive fair value	107,374	21,201
Available-for-sale investments	*675*	*673*
Impairment on available-for-sale investments	*-128*	*-128*
Net available-for-sale investments	547	545
Loans granted	3,635	4,139
Total	114,268	29,373

The non-current available-for-sale investments include unquoted equity instruments that are measured at cost for €545 thousand as their fair value cannot be measured reliably (€547 thousand in 2022).

The derivative financial instruments are mainly comprised of the interest rate swap hedge contracts in view of the Group's interest risk exposure. We also refer to Note 17.

Note 15 – Trade and other receivables and Other current assets

Current trade and other receivables

In thousands of EUR	2022	2023
Trade receivables	*327,183*	*315,521*
Impairment on trade receivables	*-17,226*	*-20,333*
Trade receivables	309,957	295,188
Other receivables	120,996	116,879
Total	430,953	412,067

At 31 December 2023, an amount of €243.1 million (€258.5 million in 2022) has been received in cash under various non-recourse factoring and credit insurance programs, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. Continuing involvement for late payment risk is not significant. The net amount of sold trade receivables is derecognized from the balance sheet.

Other receivables are mainly composed of:

In thousands of EUR	2022	2023
Income taxes recoverable	22,758	26,697
Other taxes recoverable	40,659	38,230
Derivative financial instruments with positive fair values	19,505	19,317
Prepaid charges and accrued income	5,327	6,569
Advances due from customers for contracts in progress	9,035	5,175
Advances to personnel	2,790	1,339
Others	20,922	19,552
Total	120,996	116,879

The derivative financial instrument in 2023 amounts to €19,317 thousand (€19,505 thousand in 2022), and represent the change in the fair value of the hedge contracts.

The 'advances due from customers for contracts in progress' decreased because of the construction contracts in division New Ways. The amount of revenue recognised from construction contracts over time are in the range of 2% of total sales. Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to €33,323 thousand; fully expected to be recognised during 2024 based on open contracts as per 31 December 2023 for which revenue recognition started during 2023 or prior periods.

Exposure to credit risk – impairment losses

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

In thousands of EUR	2022	2023
Neither impaired nor past due at reporting date	611,395	595,883
Not impaired at reporting date and past due	78,071	59,278
Up to 30 days	*55,176*	*38,464*
Between 31 and 60 days	*11,093*	*8,713*
Between 61 and 90 days	*2,031*	*4,250*
Between 91 and 120 days	*2,156*	*1,537*
Between 121 and 150 days	*3,435*	*104*
More than 150 days	*4,180*	*6,210*
Non-recourse factoring	*-258,513*	*-243,094*
Net carrying amount at the end of the year	**430,953**	**412,067**

The Group applied the IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group analysed the impact of IFRS 9 and concluded there is no material impact on the impairment losses booked. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impacts.

The movement in the allowance for impairment of current trade and other receivables was as follows:

In thousands of EUR	2022	2023
Allowances at the beginning of the year	**-15,152**	**-17,226**
Additions	-303	-572
Use	143	3,370
Reversal	1,687	1,055
Change in the scope of consolidation	-3,601	-6,960
Allowances at the end of the year	**-17,226**	**-20,333**

Other current assets

In thousands of EUR	2022	2023
Available-for-sale investments	2,200	483
Deposits and debt linked investments	79,252	63,594
Total	**81,452**	**64,077**

Deposits and debt linked investments include mainly investments in dollar linked bonds in Argentina for a total amount of €63,071 thousand in 2023 (€63,463 thousand in 2022).

Note 16 – Inventories

The different types of inventories are detailed below:

In thousands of EUR	2022	2023
Raw materials	193,425	152,202
Work in progress	36,458	34,119
Finished goods	207,224	224,539
Spare parts and consumables	77,772	75,361
Goods purchased for resale	34,479	29,940
Write-downs to net realisable value	-35,327	-32,192
Total	514,031	483,969

In 2023, the Group recognised inventory write-downs to net realisable value of €-9,588 thousand (€-13,193 thousand in 2022) as an expense, and a reversal of prior year write-downs amounting to €9,524 thousand (€10,078 thousand in 2022) as an income. Reversals of write-downs without impact on the income statement amount to €4,201 thousand (€371 thousand in 2022), mainly due to foreign currency conversions and Ukranian stock.

The 2023 net impact of scope changes on the total inventory equals to €15,608 thousand; with an impact on the gross carrying amount of €16,613 thousand, and €-1,005 thousand on the write downs to net realisable value.

Note 17 – Risk management and financial derivatives

17.1 Risk management

A. Market risk

Exposure to currency risk

Around 48% of the Group's revenue is generated by subsidiaries with a functional currency other than the Euro (49% in 2022). The Group has its main foreign exchange exposure in the following foreign currencies: Argentinean peso, Australian dollar, Chilean peso, Colombian peso, Nigerian naira, Peruvian nuevo sol and Pound sterling.

Translation currency sensitivity analysis

On the basis of the volatility of these currencies against the Euro in 2023, the reasonably possible change of the exchange rate of these currencies against the Euro is estimated as follows:

	Closing rate 31 December 2023	Average rate 2023	Possible volatility of rates in %	Range of possible closing rates 31 December 2023	Range of possible average rates 2023
				Rates used for sensitivity analysis	
Argentinean peso	894.7116	894.7116	21	706.9564 - 1082.4668	706.9564 - 1082.4668
Australian dollar	1.6263	1.6310	8	1.5012 - 1.7514	1.5055 - 1.7565
Chilean peso (000)	0.9701	0.9101	14	0.8339 - 1.1062	0.7823 - 1.0378
Colombian peso (000)	4.2220	4.6557	16	3.539 - 4.905	3.9026 - 5.4089
Nigerian naira	1001.3600	715.7344	44	564.3365 - 1438.3835	403.3664 - 1028.1024
Peruvian nuevo sol	4.3780	4.0461	10	3.9359 - 4.8201	3.6375 - 4.4547
Pound sterling	0.8691	0.8691	6	0.8196 - 0.9185	0.8197 - 0.9186

As a comparison, the reasonably possible change of exchange rate of these currencies against the Euro was estimated as follows for 2022:

	Closing rate 31 December 2022	Average rate 2022	Possible volatility of rates in %	Range of possible closing rates 31 December 2022	Range of possible average rates 2022
				Rates used for sensitivity analysis	
Argentinean peso	189.9155	189.9155	22	147.7524 - 232.0786	147.7524 - 232.0786
Australian dollar	1.5693	1.5167	10	1.418 - 1.7206	1.3705 - 1.6629
Chilean peso (000)	0.9160	0.9177	18	0.7512 - 1.0807	0.7527 - 1.0827
Colombian peso (000)	5.1306	4.4751	19	4.144 - 6.1171	3.6146 - 5.3355
Nigerian naira	493.4692	449.3027	6	462.9185 - 524.0199	421.4863 - 477.119
Peruvian nuevo sol	4.3600	4.0374	11	3.8883 - 4.8317	3.6006 - 4.4742
Pound sterling	0.8869	0.8529	7	0.8217 - 0.9522	0.7901 - 0.9157

If the Euro had weakened or strengthened during 2023 by the above estimated possible changes against the listed currencies with all other variables held constant, the 2023 profit would have been €15,724 thousand (6%) higher or €9,698 thousand (-4%) lower while equity would have been €139,147 thousand (7%) higher or €106,321 thousand (-6%) lower. In 2022, if the Euro had weakened or strengthened the profit would have been €11,819 thousand (5%) higher or €9,314 thousand (-4%) lower while equity would have been €144,034 thousand (8%) higher or €110,264 thousand (-6%) lower.

In thousands of EUR				2023
	If euro weakens		If euro strengthens	
	Profit	Equity	Profit	Equity
Argentinean peso	1,374	18,412	-897	-12,023
Australian dollar	1,444	21,672	-1,238	-18,576
Chilean peso	1,109	15,002	-836	-11,309
Colombian peso	945	10,929	-682	-7,885
Nigerian naira	7,151	19,986	-2,806	-9,971
Peruvian nuevo sol	838	11,451	-684	-9,351
Pound sterling	2,863	41,695	-2,555	-37,206
Total	**15,724**	**139,147**	**-9,698**	**-106,321**

In thousands of EUR				2022
	If euro weakens		If euro strengthens	
	Profit	Equity	Profit	Equity
Argentinean peso	1,476	27,681	-939	-17,622
Australian dollar	1,739	26,097	-1,433	-21,507
Chilean peso	1,719	26,501	-1,195	-18,421
Colombian peso	1,016	9,213	-688	-6,241
Nigerian naira	1,176	2,813	-1,039	-2,485
Peruvian nuevo sol	528	11,568	-425	-9,309
Pound sterling	4,165	40,161	-3,595	-34,679
Total	**11,819**	**144,034**	**-9,314**	**-110,264**

Interest rates sensitivity analysis

At the end of 2023 € 845,070 thousand or 67% of the Group's interest bearing financial liabilities, before offset of any surplus cash, bear a variable interest rate (€ 842,215 thousand or 64% at the end of 2022). This floating debt portion consists of debt instruments almost exclusively denominated in Euro apart from € 28,180 thousand that is denominated in Pound sterling (€31,667 thousand in 2022) and € 7,118 thousand denominated in other currencies (predominantly Polish Zloty, Japanese Yen and Romanian Leu).

The total interest expense recognised in the 2023 income statement on the Group's variable rate debt portion, net of the effect of interest rate derivative instruments, amounts to € 35,199 thousand (€ 15,039 thousand in 2022). The total interest expense recognised on the fixed rate portion amounts to € 9,898 thousand (€ 4,162 thousand in 2022).

The reasonably possible change of the market interest rates applicable to the Group's floating rate debt after hedging is as follows:

	Rates at 31 December 2023	Possible volatility of rates	Possible rates at 31 December 2023
			Rates used for sensitivity analysis
Australian dollar	4.43%	-0,82% - 0,51%	3,61% -4,94%
Euro	3.91%	-1,27% - 0,57%	2,64% - 4,48%
Pound sterling	5.32%	-1,07% - 0,63%	2,64% -5,95%
Polish Zloty	5.68%	-0,91% - -0,36%	4,77% -5,32%

	Rates at 31 December 2022	Possible volatility of rates	Possible rates at 31 December 2022
			Rates used for sensitivity analysis
Australian dollar	3.37%	-1.89% - 2.26%	1.48% -5.63%
Euro	2.13%	-0.92% - 1.86%	1.21% - 3.99%
Pound sterling	3.87%	-2.01% - 1.87%	1.86% -5.74%
Polish Zloty	6.82%	-3.48% - 1.38%	3.34% -8.2%

Application of the reasonably possible fluctuations in the market interest rates mentioned above on the Group's floating rate debt at 31 December 2023, with all other variables held constant and net of the effect of interest rate derivative instruments, would result in a decrease of the 2023 profit by € 1,625 thousand and an increase of € 2,393 thousand (a decrease of € 5,228 thousand and an increase of € 2,963 thousand in 2022).

Cash and cash equivalents in Euro of € 37,890 thousand (€ 71,531 thousand in 2022), Pound sterling balances of € 196,763 thousand (€ 127,576 thousand in 2022), US dollar € 56,899 thousand (€ 111,281 thousand in 2022) and Australian dollar balances of € 77,281 thousand (€ 40,898 thousand in 2022) generate interest that would partially offset any variations in interest payable. The cash pool balances are monthly netted (in euro).

For 2023, the fair value volatility of the Group's interest rate hedging contracts determined by:

- The 'dollar value' method shows that if the euro yield curve makes a parallel shift upward with 0.01%, then the fair value of the Group's interest rate hedging contracts would increase in value by approximately €117 thousand.
- The 'historical value at risk' method shows that based on historical volatility over the last year, the fair value of the Group's interest rate hedging contracts could suffer a maximum potential value decrease (95% confidence interval) of €2.0 million in one day, €11.0 million in 1 month and €19.4 million in 3 months.

For 2022, the fair value volatility of the Group's interest rate hedging contracts determined by:

- The 'dollar value' method showed that if the euro yield curve makes a parallel shift upward with 0.01%, then the fair value of the Group's interest rate hedging contracts would increase in value by approximately €517 thousand.
- The 'historical value at risk' method showed that based on historical volatility over the last year, the fair value of the Group's interest rate hedging contracts could suffer a maximum potential value decrease (95% confidence interval) of €6.5 million in one day, €35.8 million in 1 month and €62.7 million in 3 months.

The Group assessed the impact of the Interest Benchmark Reform and concluded that there is not any significant impact on historical, current and looking forward financial information.

B. Credit risk

At the reporting date the exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position (refer to note 11 for investments, note 15 for trade and other receivables, and note 18 for cash and cash equivalents).

C. Funding and long term liquidity risk

Maturity schedule

At 31 December 2023 the contractual maturities of financial liabilities, including interest payments, are the following:

In thousands of EUR	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans	920,841	1,058,198	39,525	177,720	439,574	401,379
Other financial loans	186,290	192,671	185,523	5,896	821	431
Obligations under leases	158,409	228,067	31,571	27,168	31,455	137,873
Trade and other liabilities	957,104	942,581	942,560	16	-	5
Derivative financial liabilities						
Interest rates swaps	-	-	-	-	-	-
Commodity contracts	16,958	16,958	12,759	4,199	-	-
Foreign exchange contracts	2,477	2,477	2,477	-	-	-
Total	2,242,079	2,440,952	1,214,415	214,999	471,850	539,688

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

At 31 December 2022 the contractual maturities of financial liabilities, including interest payments, were the following:

In thousands of EUR	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans	974,871	1,282,650	63,130	145,568	560,008	513,944
Other financial loans	192,618	195,213	187,515	1,879	5,586	233
Obligations under leases	151,425	219,946	30,159	24,185	32,574	133,028
Trade and other liabilities	949,287	936,275	936,195	69	11	-
Derivative financial liabilities						
Interest rates swaps	-	-	-	-	-	-
Foreign exchange contracts	650	650	650	-	-	-
Total	2,268,851	2,634,734	1,217,649	171,701	598,179	647,205

D. Capital risk

The Group monitors capital using the debt covenant specifications as outlined in the syndicated credit facility loan agreements and the Schuldschein loans (more details in Note 24). The Group targets to maintain a debt covenant ratio between 1.5 and 2.5 on the long term. The adjusted net financial debt (for covenant purposes) to recurring EBITDA ratio amounts to 1.27 at 31 December 2023 (1.32 at 31 December 2022), well below the covenant of 3.50.

17.2 Financial derivatives

The Group uses derivative financial instruments to hedge its exposure to currency risk, commodity prices and interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. All derivatives are measured at fair value, except when own use exemption is applied.
The following table provides an overview of the outstanding derivative financial instruments at 31 December:

	2022		2023	
In thousands of EUR	Fair value	Carrying amount	Fair value	Carrying amount
Foreign exchange contracts				
Assets	1,514	1,514	3,162	3,162
Liabilities	-650	-650	-2,477	-2,477
Commodity contracts				
Liabilities	-	-	-16,958	-16,958
Interest rate swaps				
Assets	125,365	125,365	37,356	37,356
Liabilities	-	-	-	-
Total	126,228	126,228	21,083	21,083

The following table indicates in which caption of total comprehensive income, the changes in fair value of the derivative financial instruments outstanding at 31 December 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	2,710	-	-	-	-1,062
Liabilities	-1,739	-	-	-	-87
Commodity contracts					
Liabilities	-	-	-	-	-16,958
Interest rate swaps					
Assets	-	-	-	-	-88,008
Liabilities	-	-	-	-	-
Total	971	-	-	-	-106,115

A. Cash flow hedges

At 31 December 2023, the Group holds forward exchange contracts designated as hedges of expected future raw material purchases from suppliers for purchases denominated in US Dollar and Japanese Yen, of expected future sales denominated in Polish Zloty, and of expected future purchases denominated in Euro by companies whose functional currency is the British Pound and Polish Zloty.

At 31 December 2023 the Group holds commodity hedge contracts to hedge the exposure of commodity prices.

At 31 December 2023 the group had interest rate swap agreement in place with a total nominal amount of €561,000 thousand (€1,061,000 thousand in 2022) whereby it received a variable interest rate based on Euribor three or six months, as the case may be, and pays a fixed rate on the notional amount. The swaps are being used to hedge the exposure to interest rate risk on its existing floating debt and any highly probable future debt issuance. The floating rate debt and the interest rate swaps had similar critical terms.

The Group did not recognise any ineffectiveness in 2023 and 2022.

The following tables indicate the period in which the undiscounted cash flows are or were expected to occur. This is the same period as the period in which the cash flows are expected to impact the income statement (cost of sales if relating to forward exchange contracts covering sales and purchases in foreign currencies and the commodity swap agreements, and interest expense if concerning interest rate swaps).

At 31 December 2023:

In thousands of EUR	Carrying amount	Total expected cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
Foreign currency						
Foreign exchange contracts						
Assets	*166*	*166*	*166*	-	-	-
Liabilities	*-421*	*-421*	*-421*	-	-	-
Commodity						
Commodity contracts						
Assets	-	-	-	-	-	-
Liabilities	*-16,958*	*-16,958*	*-12,759*	*-4,199*	-	-
Interest rate						
Interest rate swaps						
Assets	*37,356*	*37,356*	*16,485*	*7,480*	*11,898*	*1,493*
Liabilities	-	-	-	-	-	-

At 31 December 2022:

In thousands of EUR	Carrying amount	Total expected cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
Foreign currency						
Foreign exchange contracts						
Assets	*1,205*	*1,205*	*619*	*586*	-	-
Liabilities	*-333*	*-333*	*-333*	-	-	-
Commodity contracts						
Commodity contracts						
Assets	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-
Interest rate						
Interest rate swaps						
Assets	*125,365*	*138,974*	*18,954*	*26,272*	*59,177*	*34,571*
Liabilities	-	-	-	-	-	-

B. Derivatives without hedging relationship

Certain derivative transactions, while providing effective hedges under the Group's risk management policy, may not qualify for hedge accounting due to the complexity of the instruments. There are no such derivative transactions in 2023.

17.3 Financial instruments – fair values

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

In thousands of EUR	2022	2023
Assets	832,711	668,005
Other non current assets	114,268	29,373
Trade and other receivables (loans and receivables)	*2,712*	*3,488*
Derivatives – not used for hedging (at fair value through profit and loss)	*64*	-
Derivatives – used for hedging (cash flow hedging)	*107,310*	*21,201*
Loans (loans and receivables)	*3,635*	*4,139*
Bonds (available-for-sale)	*544*	*541*
Other	*3*	*4*
Trade and other receivables	430,953	412,067
Trade and other receivables (loans and receivables)	*411,448*	*392,750*
Derivatives – not used for hedging (at fair value through profit and loss)	*245*	*2,995*
Derivatives – used for hedging (cash flow hedging)	*19,260*	*16,322*
Other current assets	81,452	64,077
Current financial assets – deposits (loans and receivables)	*79,252*	*63,594*
Shares (available-for-sale)	*2,200*	*483*
Cash and cash equivalents (loans and receivables)	206,038	162,488
Liabilities	2,268,851	2,242,079
Financial liabilities (liabilities at amortised cost)	1,072,297	1,054,279
Other non-current liabilities	13,092	19,788
Other non-current liabilities (liabilities at amortised cost)	*13,092*	*15,589*
Derivatives – used for hedging (cash flow hedging)	-	*4,199*
Current portion of financial liabilities (liabilities at amortised cost)	246,617	211,261
Trade and other liabilities	936,845	956,751
Trade and other payables (liabilities at amortised cost)	*936,195*	*941,515*
Derivatives – not used for hedging (at fair value through profit and loss)	*317*	*2,056*
Derivatives – used for hedging (cash flow hedging)	*333*	*13,180*

Unquoted equity instruments are measured either at fair value using a valuation technique or at cost. Further explanation is provided in note 13.

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market interest rate at reporting date.

The fair value of forward exchange contracts and the commodity swap agreements is based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates for a similar instrument at reporting date.

The fair value of interest bearing loans and borrowings has been calculated by discounting the expected future cash flows (principal and interest cash flows) at prevailing interest rates at reporting date.

Fair value hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant impact on the recorded fair value that are not based on observable market data.

2023

In thousands of EUR	Level 1	Level 2	Level 3
Assets measured at fair value			
Derivatives – not used for hedging (at fair value through profit and loss)	-	2,995	-
Derivatives – used for hedging (cash flow hedging)	-	37,523	-
Liabilities measured at fair value			
Derivatives – not used for hedging (at fair value through profit and loss)	-	2,056	-
Derivatives – used for hedging (cash flow hedging)	-	17,379	-

During 2023 and 2022 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

2022

In thousands of EUR	Level 1	Level 2	Level 3
Assets measured at fair value			
Derivatives – not used for hedging (at fair value through profit and loss)	-	309	-
Derivatives – used for hedging (cash flow hedging)	-	126,570	-
Liabilities measured at fair value			
Derivatives – not used for hedging (at fair value through profit and loss)	-	317	-
Derivatives – used for hedging (cash flow hedging)	-	333	-

As stated in note 12, assets held for sale are measured at the lower of carrying amount and fair value less costs to sell in 2023 and 2022 since no observable fair value could be obtained. The investment properties are measured at amortised cost, we refer to note 11.

Note 18 – Cash and cash equivalents

We refer to the Consolidated statement of cash flows, Note 9 'Goodwill and Business Combinations' and Note 24 'Loans & borrowings' for further explanation. The different types of cash and cash equivalents are detailed below:

In thousands of EUR	2022	2023
Cash on hand and bank deposits	203,791	157,792
Short-term deposits (less than three months)	2,247	4,696
Total	**206,038**	**162,488**

Note 19 – Equity

Ordinary shares

The issued share capital (share premium included) of Etex N.V. amounts to €3,276 thousand at 31 December 2023. It is represented by 82,837,819 fully paid ordinary shares without par value.

	2022	2023
At the beginning of the year	82,837,819	82,837,819
Movement of the year	-	-
At the end of the year	82,837,819	82,837,819

Treasury shares

At 31 December 2023 the Group owns 4,673,495 ordinary shares representing 5.64% of the total number of ordinary shares.

	2022	2023
At the beginning of the year	**4,673,495**	**4,673,495**
Movement of the year	-	-
At the end of the year	**4,673,495**	**4,673,495**

Dividend

The 2023 dividend will be proposed for approval at the General Shareholders' Meeting of Etex N.V. on 22 May 2024 (after issuance of the financial statements) and will amount to €1.03 per share representing a total dividend of €80,509 thousand.

In 2023, a dividend of €72,693 thousand has been paid out based on the decision of the General Shareholders' Meeting of Etex N.V. on 24 May 2023 to allocate a dividend of €0.93 per share.

	Number of shares	EUR/share	Dividend in EUR
Ordinary shares	82,837,819	0.93	77,039,172
Treasury shares	-4,673,495	0.93	-4,346,350
Dividend paid out	78,164,324		72,692,822

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	-	-	-	160,750	96,158	256,907
At December 31, 2022	**2,533**	**743**	**3,276**	**-84,924**	**95,083**	**10,158**
Total comprehensive income	-	-	-	23,764	-79,616	-55,852
At December 31, 2023	**2,533**	**743**	**3,276**	**-61,161**	**15,467**	**-45,694**

Other equity movements

The 2023 Other equity movements of €45,389 thousand mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings.

The 2022 Other equity movements of €50,718 thousand mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting Other reserves and retained earnings; and changes in non-controlling interest in France.

Note 20 – 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	4,190	2,586	1,226	31,085	39,087
Amounts utilised during the year	-3,299	-3,151	-1,369	-28,249	-36,068
Unused amounts reversed	-1,554	-2,271	-894	-1,269	-5,988
Changes in the scope of consolidation	-	-	-572	-132	-704
Translation differences	9	-141	-286	-382	-800
Discount rate adjustment	180	-2,243	-	-294	-2,357
At 31 December 2023	**30,538**	**50,103**	**8,129**	**63,789**	**152,559**
Non-current at the end of the period	25,712	45,407	6,542	26,643	104,304
Current at the end of the period	4,826	4,696	1,587	37,146	48,255

Warranty provisions

The provisions for warranty costs are estimates of future payments for claims relating to sales of goods based on historical data; they cover mainly roofing products in Europe for which a long warranty period is granted to customers. Additions made to the provision during the year are based on an estimate of the probability of future product claims applied to the sales figures of the year and specific claims exceeding statistical estimates.

Health claims provision

In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. The use of asbestos has been banned in the entire Group for many years now, but some companies may still receive claims relating to past exposure to asbestos. The potential risk varies depending on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company.

The accounting approach is to provide for the costs of the settlement of claims which are both probable and can be reliably estimated. The provision at 31 December 2023 for the cost of asbestos claims comprises an amount of €21,256 thousand (€20,868 thousand in 2022) for the expected costs of settling notified claims and a discounted amount of €28,839 thousand (€34,447 thousand in 2022) in respect of losses arising from claims which have not yet been notified but which are both probable and can be reliably estimated. These future claims are discounted at different rates from 2.32 % to 4.81 % depending on the country (0.00 % to 8.75 % in 2022).

Most of the Etex's subsidiaries work with external counsels and, if applicable, insurance companies to review the asbestos claims. If a compensatory disease is proven and the causation can be established, the settlement is provided for an amount that reflects the type of disease, the seriousness of the injury, the age of the claimant and the particular jurisdiction of the claim.

The estimation of future claims is based on an up to 25-year cost estimate which takes into account the current level of claims as well as a reduction of claims over time as the number of diseases is expected to decline. Whilst further claims are likely to arise after this up to 25-year-period, the associated costs of resolution cannot be reliably estimated and no provision has been made to cover these possible liabilities. The estimate of future liabilities takes into account a large number of variables such as the number of employees exposed, the likely incidence, the disease mix, the mortality rates, the legislative environment and the expected insurance coverage. As these assumptions may change over time, there can be no guarantee that the provision for asbestos liabilities is an accurate prediction of the actual future costs. As a consequence, the provision may have to be revised in the future as additional information becomes available or trends change. The provision is reviewed at least once a year.

The number of new claims received during 2023 was 31 (31 in 2022), 18 cases were settled and 10 resolved without cost. The number of outstanding cases for which a provision has been made at 31 December 2023, was 131 (128 in 2022).

Litigation provisions

Litigation provisions mainly include estimated future outflows relating to, various direct and indirect tax litigations, litigations with customers, former employees, suppliers and other parties.

Other provisions

Other provisions include mainly estimated future outflows for environmental obligations and restructuring.

The Group meets all obligations imposed by relevant laws with respect to CO2 emission rights, land decontamination and site restoration. Where requested, necessary expenses are made and provision for future estimated costs are set-up. At 31 December 2023, these provisions amount to €36,200 thousand (€33,664 thousand in 2022).

Restructuring provisions relate mainly to restructuring of companies in France. Further information is disclosed under note 5.

Note 21 – Commitments and contingencies

Health claims

There has been a history of bodily injury claims resulting from exposure to asbestos being lodged against subsidiaries of the Group for a number of years. The Group's approach is to provide for the costs of resolution which are both probable and reliably estimable (refer to note 20 on provisions). At present the provision for the costs which are both probable and can be reliably estimated cover up to 25 years of estimated gross costs. Whilst further claims are likely to be resolved beyond this timeframe, the associated costs of resolution are not able to be reliably estimated and no provision has been made to cover these possible liabilities, which are considered contingent.

Legal claims

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environment and health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The Group is required to assess the likelihood of any adverse judgements or outcomes to these matters, as well as potential ranges of probable losses. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

Guarantees

At 31 December 2023, the Group issued the following guarantees to third parties:

In thousands of EUR	2022	2023
Guarantees issued after business disposals	316,432	404,672
Guarantees issued by the Group to cover the fulfilment of Group companies obligations	1,060,018	1,041,465
Guarantees issued by Third Parties to cover fulfilment of the Group companies obligations	20,666	20,097
Secured debt	347	45

Guarantees issued by the Group to cover the fulfilment of Group companies' obligations consists mainly of the joint and several cross guarantees provided by the group and its affiliates relating to our outstanding syndicated credit facility (€835 million), commercial paper program (€300 million), Schuldschein loan (€800 million), as well as securities issued to guarantee other commitments (€201 million). The values disclosed in the above table are based on outstanding amounts.

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services and capital expenditures, buys and sells investments and Group companies or portions thereof. At 31 December 2023 Etex had purchase commitments of €81,431 thousand (€142,278 thousand in 2022), mainly due to a significant project in UK in addition to commitments to acquire CO2 emission rights.

Commitments relating to uncapitalized lease payments are disclosed in Note 24.

Note 22 – Employee benefits

Defined contribution plans

For defined contribution plans Group companies pay contributions to pensions funds or insurance companies. Once contributions have been paid, the Group companies have no further significant payment obligation. Contributions constitute an expense for the year in which they are due. In 2023, the defined contribution plan expenses for the Group amounted to €15,035 thousand (€14,072 thousand in 2022).

Defined benefit plans

Some Group companies provide defined benefit pension plans to their employees as well as defined benefit medical plans and early retirement plans.

The following tables reconcile the funded and unfunded status of defined benefit plans to the amounts recognised in the statement of financial position:

In thousands of EUR	**2022**	**2023**
Present value of funded obligations	*883,019*	*869,598*
Fair value of plan assets	*905,591*	*944,743*
Plan (surplus) deficit of funded obligations	-22,572	-75,145
Present value of unfunded obligations	91,822	97,078
Net liability from funded and unfunded plans	**69,250**	**21,933**
Other long term benefits	8,327	9,790
Termination benefits	1,963	1,906
Stock option plans	41,417	39,415
Net employee benefits liability	**120,957**	**73,044**
Employee benefit obligation	1,026,548	1,017,787
Fair value of plan assets	905,591	944,743
Net liability at the end of the year	**120,957**	**73,044**
Net employee benefits liability (assets)	**120,957**	**73,044**
Employee benefits in the statement of financial position:		
Liabilities	*159,858*	*154,933*
Assets	*38,901*	*81,889*

Funded pension plans have been established in the United Kingdom, Ireland, Germany, Belgium, Indonesia and Brazil. They are all closed for new employees.

Unfunded pension plans exist mainly in Germany and Chile, but also in Japan, Poland, Slovenia and Lithuania.

Other post employment benefits such as medical plans, early retirement plans and gratuity plans are granted mainly in Belgium, the United Kingdom, France, Germany, Poland, Austria and Italy. Other long term benefits consist mainly of "Jubileum" premiums in Germany and Poland. In France it relates to long term profit sharing and "Medailles du travail".

Termination benefit plans consist of specific early retirement plans, mainly in Germany, Belgium and Chile.

Stock options plans are detailed in note 23.

The largest individual plans are in UK and Ireland. Together they account for 75% (77% in 2022) of the total Group defined benefit obligation, and 90% (90% in 2022) of its plan assets.

UK Pension Plans

In the UK, the Group sponsors two defined benefit pension plans – the ML Pension Scheme (the "Scheme") and the Eternit Pension Plan (the "Plan", together "the Plans"). The Plans were closed to future accrual on 31 December 2009 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme.

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement.

The Plans are governed by boards of Trustees (the "Trustees") that have control over the operation, funding and investment strategy. The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the UK sponsoring employers of the Plans (the UK sponsors).

UK legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years and to target full funding against a basis that prudently reflects the Plans' risk exposure. The most recent valuations were carried out as at 31 March 2023 and the results showed a surplus of £21.2million (funding level 104%) for the Scheme and a surplus of £13.8 million (funding level 110%) for the Plan against the Trustees' funding objective, agreed with the UK sponsors. The formal statutory valuation as at 31 March 2023 for the Scheme and the Plan were agreed in January 2024.

During the 2017 actuarial valuation discussions, an agreement was reached with the UK Sponsors and the Trustees of the Plan agreed to take a £43,975 thousand interest in an asset backed contribution (ABC) arrangement – the EPP ABC Limited Partnership ("the EPP ABC"), following receipt of a contribution of the same amount from Eternit UK Limited on 28 March 2018. The agreement provides additional covenant support for the Plan. The EPP ABC releases cash each quarter to the Plan of £1,025 thousand no later than 5 business days following 31 March, 30 June, 30 September, 31 December each year starting on 30 June 2018 for a 14 year 6-month period with the last payment made no later than 5 business days following 31 December 2032. This agreement and term of the arrangement remains the same following completion of the 2023 funding valuation.

The UK sponsors also agreed a similar agreement for the Scheme to take a £36,157 thousand interest in an asset backed contribution (ABC) arrangement – the MPS ABC Limited Partnership ("the MPS ABC"), following receipt of a contribution of the same amount from Marley Eternit Limited on 28 March 2018. The agreement provides additional covenant support for the Scheme. As with the EPP ABC, the MPS ABC releases cash to the Scheme of £842 thousand each quarter no later than 5 business days following 31 March, 30 June, 30 September, 31 December each year starting on 30 June 2018 for a 14 year 6-month period with the last payment made no later than 5 business days following 31 December 2032. This agreement and term of the arrangement remains the same following completion of the 2023 funding valuation.

In addition, the Trustee agreed to meet the administrative expenses and other expenses (including regulatory and Pension Protection Fund levies) from January 2024 onwards for both the Plan and the Scheme.

The approximate weighted average duration of the defined benefit obligation is approximately 12 years for the Scheme and 13 years for the Plan as at 31 December 2023.

The Plans hold a diversified portfolio of assets including multi-asset absolute return funds, property, private debt, infrastructure, insurance-linked securities, liability driven investments, buy and hold credit funds, and cash. The investment strategy is reviewed regularly by the Trustees in conjunction with the UK sponsors. The last review for both the Scheme and Plan was in 2022 & 2023 when the Plans' funding position improved significantly due to rising bond yields, and hence the allocations to multi-asset absolute return funds (terminated in the case of Eternit), property and insurance-linked securities were reduced with a view to protecting some of these gains and reducing risk, whilst also supporting the LDI collateral position and liability hedge extension. The Trustees will continue to review the investment strategy over 2024, including in the context of the 2023 actuarial valuation.

There is a risk that changes in the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans both on an accounting basis and the local funding basis. Other assumptions used to value the defined benefit obligation are also uncertain. Other risks such as actions taken by the local regulators could result in stronger local funding standards, which could affect cash flow.

In order to mitigate risk and working together with the Trustees, the UK sponsors have carried out two risk management exercises since the closure of the Plans. The first of these was a pension increase exchange exercise whereby members of the Plans were offered the opportunity to exchange non-statutory inflation linked pension increases for a higher initial pension, but one which did not then increase in payment thereby reducing the inflation exposure of the Plans. A flexible pension option exercise took place at the end of 2013/2014 in which preserved pensioners aged 55 or over were reminded of their option to retire early or transfer out of the Plans with the offer of independent financial advice. To the extent members decide to transfer out of the Plans some of the risks described are reduced.

Ireland Pension Plans

In Ireland, the Group sponsors two defined benefit pension plans – The Tegral Group Pension Plan (the "Main Plan") and the Tegral Group Executives Pension Plan (the "Exec Plan") together ("the Plans"). The Plans were closed to future accrual on 31 December 2010 at which point all active members were granted preserved benefits in the Plans with ongoing pension provision via a separate company sponsored defined contribution pension scheme (the DC Scheme).

The Plans target a pension paid for life. The amount of pension depends on how long employees were active members of the Plans and their salary when they left the Plans, revalued on a statutory basis until retirement.

The Plans are governed by boards of Trustees (the "Trustees") that have control over the operation, funding and investment strategy.

The Trustees are comprised of nominees of the sponsoring employers and elected members of the Plans. The Trustees work together with the Irish sponsoring employer of the Plans (the Irish sponsors).

Irish legislation requires the Trustees to carry out valuations according to local funding requirements at least every three years. The most recent valuations were carried out as at 1 January 2021 and the next formal actuarial valuation of the Plans will be as of 1 January 2024.

The results of the 1 January 2021 valuations showed that both schemes satisfied the statutory minimum funding standard and there was a small combined surplus (funding level 100%) against the Trustees' funding objectives. The Irish sponsors and Trustees have agreed to a pause in employer contributions over the period to the next formal valuations at 1 January 2024;

The combined approximate weighted average duration of the defined benefit obligation is 14 years for the Plans.

The Plans hold a diversified portfolio of assets including equities, bonds, property, cash and absolute return funds. The investment strategy is reviewed regularly by the Trustees in conjunction with the Irish sponsors.

There is a risk that experience being different to the assumptions for investment return, price inflation or life expectancy could result in deterioration in the funding level of the Plans. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

Other risk such as actions taken by the local regulators could result in stronger local funding standards, which could affect cash flow. However, because the sponsor has a right to a refund of any surplus assets, there would be no further balance sheet effect.

In order to mitigate this risk and working together with the Trustees, the Irish sponsors have controlled risk by closing the Plans to future accrual and reducing the investment risk of the Plans.

The distribution of the employee benefit obligation per country, at the end of the year is as follows:

In thousands of EUR	2022	2023
United Kingdom	711,163	689,041
Germany	72,576	77,495
Ireland	74,527	77,546
Belgium	82,222	86,039
France	16,218	18,785
Others	69,842	68,881
Employee benefit obligation	1,026,548	1,017,787

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

In thousands of EUR	2022	2023
Employee benefit obligation at the beginning of the year	1,523,072	1,026,548
Service cost	*29,087*	*24,420*
Past service cost (gain)/loss	*-408*	*25*
Settlements	*-221*	*-302*
Service cost	28,458	24,143
Interest cost	24,087	45,368
Actuarial (gains) and losses	-427,705	-16,529
Benefits paid	-81,894	-76,858
Plan participants contribution	992	1,157
Acquisition of subsidiaries	4,453	29
Disposal of subsidiaries	-133	83
Translation differences	-44,782	13,846
Employee benefit obligation at the end of year	1,026,548	1,017,787

The table above includes the changes for the defined benefit obligations, stock option plans, termination benefits and other long term benefits.

Belgian plans subject to minimum guaranteed rate of return

Etex offers defined contribution pension plans funded through group insurance to employees of its Belgian affiliates. The Belgian defined contribution plans are subject to the Law of 28 April 2003 on occupational pensions.
According to article 24 of this Law, the employer has to guarantee a minimum return (3.25% p.a. / 3.75% p.a. on employer / employee contributions paid before 1 January 2016 and 1.75% p.a. on employer /employee contributions paid as from 1 January 2016), therefore these plans are considered to be defined benefit plans under IAS 19. They induce a financial risk for the group during periods of declining market interest rates when the returns guaranteed by the insurance companies are lower than the minimum legal returns. The assets of these plans are entirely managed by external insurance companies referred to as "qualifying parties" which do not have any link with the group.

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

In thousands of EUR	2022	2023
Fair value of plan assets at the beginning of the year	1,181,269	905,591
Interest income	19,763	44,384
Actuarial gains and (losses)	-213,037	15,779
Employer contribution	12,959	13,276
Plan participants contribution	995	1,130
Administration cost (excluding management of assets)	-175	-156
Newly recognized plan	11	1
Benefits paid	-53,021	-50,094
Translation differences	-43,173	14,832
Fair value of plan assets at the end of the year	905,591	944,743

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

In thousands of EUR	2022	2023
Service cost	-28,458	-24,143
Interest cost	-24,087	-45,368
Interest Income	19,763	44,384
Administration cost (excluding management of assets)	-175	-156
Total employee benefit expense	-32,957	-25,283
The employee benefit expense is included in the following line items of the income statement :		
Operating income	*-28,633*	*-24,299*
Financial result	*-4,324*	*-984*

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

	2022	2023
Discount rate	4.60%	4.29%
Future salary increases	4.87%	4.60%
Pension increase	2.82%	2.72%
Medical cost trend	5.40%	5.40%

The distribution of the plan assets is the following:

	2022	2023
Equity instruments	3%	3%
Debt instruments	44%	64%
Real estate	9%	0%
Etex shares (200,190 shares)		
Cash and fixed deposits	6%	3%
Insurance	13%	9%
Other	25%	22%
Total	100%	100%

The expected employer contributions to be paid in 2024 to defined benefit plans amount to €4,531 thousand.

Sensitivity analysis

UK

The measurement of the defined benefit obligation for the Plans in UK is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a £75.3 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a £46 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately £20.7 million.

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

Ireland

The measurement of the defined benefit obligation for the Plans in Ireland is particularly sensitive to changes in key assumptions, as described below:

The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 1.0% would result in a €12.4 million increase in the present value of the defined benefit obligations of the Plans (which is likely to be mitigated in part by an increase in asset values). The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations used for preserved members' benefits. An increase in the inflation rate of 1.0% would result in a €12.6 million increase in the present value of the defined benefit obligation of the Plans (which is likely to be mitigated in part by an increase in asset values). The increase in the present value of the defined benefit obligation due to a member living one year longer would be approximately €3.6 million.

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

Note 23 – Share based payments

On 19 December 2014, the Board introduced a stock option plan to reward executives and senior staff: the plan authorises the issuance of a maximum of 5,000,000 options to be granted annually over a 5-year period with an annual maximum of 1,000,000 options. In 2015, 2016, 2017, 2018 and in 2019 grants were made under this plan (SOP 2015, SOP 2016, SOP 2017, SOP 2018 and SOP 2019).

On 22 October 2019, the Board introduced a new stock option plan on similar terms: the plan authorises the issuance of a maximum of 5,000,000 options to be granted annually over a 5-year period with an annual maximum of 1,000,000 options however if less distributed over past years allocation could be higher in a certain year. In 2020, 2021, 2022 and 2023 grants were made under this plan (SOP 2020, SOP 2021, SOP 2022 and SOP 2023).

Each option gives the beneficiary the right to buy one Etex N.V. share at an exercise price determined at grant date and is vested on a monthly basis over 4 years. Each beneficiary of an option is also granted a put option whereby the shares acquired under the stock option plan can be sold back to the Group at a price determined at each put exercise period, which is similar to the stock option plan exercise period.

Fair value of the options granted during the period

The fair value of the services received in return for share options is based on the fair value of the share options granted, measured using the Black & Scholes model with the following inputs:

	2022	2023
Expected volatility (% pa)	20.00	20.00
Risk-free interest rate (% pa)	0.05	3.22
Expected dividend increase (% pa)	10.00	10.00
Rate of pre-vesting forfeiture (% pa)	-	-
Rate of post-vesting leaving (% pa)	1.00	1.00
Share Price (as estimated)	48.91	44.47
Expected early exercise of options	5-6 years	5-6 years
Fair value per granted instrument determined at grant date (€)	5.75	6.77

The expected volatility is slightly lower than the industrial Belgian listed companies (25%), because the market ratios are fixed for the entire exercise period of the option.

Due to newly granted stock options in current year and due to the increase of the fair value of the options granted in the past and not exercised yet, Etex recognised a share-based payment expense of €14,789 thousand during the year (an expense of €21,387 thousand in 2022). The total carrying amount of the liability related to the stock option plans amounts to €39,415 thousand (€41,417 thousand in 2022) and is disclosed under "Employee benefits liabilities" as described under note 22.

Stock option plans granted by the company

Plan	Contractual life of an option	Exercise period	Exercise (call) price	Number of options still to be exercised
SOP 2017	20.6.2024	Once a year as from 2021, between 1.6 and 20.6	33.23	18,000
SOP 2018	20.6.2025	Once a year as from 2022, between 1.6 and 20.6	33.65	40,500
SOP 2019	20.6.2026	Once a year as from 2023, between 1.6 and 20.6	29.35	98,000
SOP 2020	20.6.2027	Once a year as from 2024, between 1.6 and 20.6	28.69	640,125
SOP 2021	20.6.2028	Once a year as from 2025, between 1.6 and 20.6	50.41	947,425
SOP 2022	20.6.2029	Once a year as from 2026, between 1.6 and 20.6	48.91	987,613
SOP 2023	20.6.2030	Once a year as from 2027, between 1.6 and 20.6	44.47	1,084,050

Details of the share options outstanding during the year

	2022		2023	
In thousands of EUR	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	3,660,469	31.18	3,633,488	40.77
Granted during the year	1,047,400	48.91	1,084,050	44.47
Forfeited during the year	-173,141	43.02	-150,785	42.81
Exercised during the year	-897,240	33.36	-751,040	29.85
Expired during the year	-4,000	32.83	-	/
Outstanding at the end of the year	3,633,488	40.77	3,815,713	43.89
Of which exercisable at the end of the year	*177,900*	*32.65*	*156,500*	*30.91*

For share put options exercised during the period, the weighted average share price was €52.21 (€54.80 in 2022).

Note 24 – Loans and borrowings

In thousands of EUR	2022	2023
Bank loans	941,495	913,809
Other financial loans	5,902	9,556
Obligations under leases	124,900	130,914
Total non-current financial liabilities	1,072,297	1,054,279

In thousands of EUR	2022	2023
Bank loans	28,638	4,393
Bank overdrafts	4,738	2,639
Other financial loans	186,716	176,734
Obligations under leases	26,525	27,495
Total current financial liabilities	246,617	211,261

In October 2018, Etex signed the documentation for the refinancing of a €600 million Syndicated Credit Facility for a period of 5 years (extendable to 7 years) with a pool of 12 core banks. In 2020, the Syndicated Credit Facility was extended for an amount of €535 million till October 2025. That Syndicated Facility was drawn at €100 million per end of 2023 (drawn at €100 million per end of 2022). Etex also uses Schuldschein loans (outstanding from 2022) for a total amount of €800 million (€824 million in 2022) and a Commercial Paper program of €300 million, drawn at €134 million per end of 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 end of 2023 (€0 million in 2022).

In 2023, Etex continued using its €300 million non-recourse Factoring Program (increased from €275 million in 2022), through which customer receivables from 15 entities in 10 European countries are being sold to a pool of banks on a non-recourse basis. Per end of 2023, €237.4 million were financed through that program, out of which €198.1 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 €45,0 million, derecognized from the trade receivables.

The utilisations of the Syndicated Loan Facilities may be in Euro or other freely available currencies, as agreed. The interest payable is calculated at the relevant interbank rate for the period of the utilisation that has been chosen by the borrower, floored at 0%, plus the applicable margin. The Credit Facilities and Schuldschein contain a number of operating covenants, including restrictions on giving security to lenders, on the amount of external subsidiary borrowings and restrictions on the acquisition and the disposal of material assets. They also contain financial covenants which includes in particular a required ratio of consolidated net debt to consolidated EBITDA of the Group. We also refer to Note 17.

Transaction costs on the Syndicated Loans of 2018 and 2022 and on the new Schuldschein Loan of 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 the end of 2023 amounts to €2,723 thousand (€3,735 thousand at the end of 2022).

Within the share purchase agreements of the acquisition project of Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares. At year-end 2023 the call/put option is measured at fair value and qualified as financial liability amounting to €5,849 thousand.

Finally, for its local funding, the Group is relying on some long-term and short-term facilities with local banks for a total amount of €23.5 million end of 2023 (€59.7 million end of 2022), for which the decrease is mainly located in Nigeria (€25.6 million) through local financing of an investment project.

The management of interest rate risk is described in Note 17.

Net financial debt

The net financial debt position is calculated as follows:

In thousands of EUR	2022	2023
Non-current loans and borrowings	1,072,297	1,054,279
Current portion of loans and borrowings	246,617	211,261
Current financial assets	-81,451	-64,075
Cash and cash equivalents	-206,038	-162,488
Net financial debt	1,031,425	1,038,977

Lease liabilities

The Group is leasing for various items of plant, property and equipment. At commencement date of the lease, the Group recognises the right-of-use assets (refer to Note 8 – Property, plant and equipment) and the lease liability measured at the present value of lease payments to be made over the lease term. The Group presents interest paid on its lease liabilities as financing activities in the cash flow statement (refer to Consolidated statement of cash flows) and as interest expense on financial liabilities measured at amortised cost in the income statement (refer to Note 6 – Finance income and expenses). The future minimum lease payments, interest payments and present value of payments are as follows:

In thousands of EUR	2022			2023		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
Less than 1 year	30,161	-3,636	26,525	31,570	-4,075	27,495
Between 1 and 5 years	56,757	-10,778	45,979	58,623	-12,023	46,600
More than 5 years	133,029	-54,108	78,921	137,873	-53,559	84,314
Total	219,947	-68,522	151,425	228,066	-69,657	158,409

Uncapitalized lease payments

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The variable lease payments that do not depend on an index or rate are recognised as expense in the period on which the event or condition that triggers the payment occur. The total expenses for uncapitalized lease payments recognised in the consolidated income statement for 2023 amount to €7,278 thousand. Future committed uncapitalized lease payments are as follows:

In thousands of EUR	2022				2023		
	Less than 1 year	Between 1 and 5 years	More than 5 years	Total	Less than 1 year	Between 1 and 5 years	Total
Short-term leases	6,212	-	-	6,212	4,643	-	4,643
Low-value leases	624	483	-	1,107	74	101	175
Variable lease payments	55	61	-	116	-	7	7
Total	6,891	544	-	7,435	4,717	108	4,825

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

Note 25 – Deferred tax

In thousands of EUR	Assets	Liabilities	Net
Net carrying amount at 31 December 2022	98,403	208,680	-110,277
Translation differences	-3,747	-10,982	7,235
Recognised in income statement	-3,244	4,799	-8,043
Recognised in equity	-	-17,957	17,957
Change in scope of consolidation	1,244	25,139	-23,895
Netting	3,221	3,221	-
Net carrying amount at 31 December 2023	95,877	212,900	-117,023

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

In thousands of EUR	2022		2023		2022	2023	
	Assets	Liabilities	Assets	Liabilities	Net	Net	Variance
Property, plant and equipment	4,320	138,876	2,837	144,998	-134,556	-142,161	-7,605
Intangible assets	3,039	79,313	3,748	83,212	-76,274	-79,464	-3,190
Employee benefits assets	116	8,844	19	12,905	-8,728	-12,886	-4,158
Inventories	5,178	1,639	5,658	2,177	3,539	3,481	-58
Trade & other receivables	4,831	877	7,967	2,279	3,954	5,688	1,734
Other assets	9,683	39,105	10,128	4,349	-29,422	5,779	35,201
Provisions	19,384	9,141	17,268	9,376	10,243	7,892	-2,351
Employee benefits liabilities	12,818	13,543	14,657	22,177	-725	-7,520	-6,795
Loans and borrowings	10,118	1,224	10,839	667	8,894	10,172	1,278
Other non-current liabilities	-	315	-	333	-315	-333	-18
Current liabilities	19,213	4,989	19,746	16,391	14,224	3,355	-10,869
Tax losses carried forward	245,748	-	256,158	-	245,748	256,158	10,410
Unrecognised deferred tax assets	-146,859	-	-167,184	-	-146,859	-167,184	-20,325
Netting by taxable entity	-89,186	-89,186	-85,964	-85,964	-	-	-
Total	98,403	208,680	95,877	212,900	-110,277	-117,023	-6,746

Deferred taxes have not been recognised in respect of tax losses carried forward for an amount of €166,099 thousand (€144,197 thousand in 2022) and net deductible temporary differences for €1,085 thousand (€2,250 thousand in 2022) when it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The amount of deferred tax assets computed on tax losses carried forward is detailed below, before deduction of unrecognised deferred tax assets, by year in which tax losses will expire:

Expiration year	Deferred Tax Asset
2024	-
2025	1,144
2026	-
2027	-
Without expiration date	255,014
Total	256,158

Note 26 – Trade and other liabilities

Non-current liabilities

In thousands of EUR	2022	2023
Deferred income - Government grants	12,905	12,790
Other liabilities	187	6,998
Total	13,092	19,788

The Group has been awarded a number of government grants related to investments in property, plant and equipment. These government grants are recognised in the statement of financial position as deferred income for €12,790 thousand (€12,905 thousand in 2022) and amortised over the useful life of the assets. All conditions attached to these grants have been fulfilled.

Current liabilities

In thousands of EUR	2022	2023
Trade liabilities	677,105	696,611
Other liabilities	259,740	260,140
Total	936,845	956,751

At 31 December 2023 an amount of €22,896 thousand, out of a total credit line of €115 million, has been utilized by suppliers as part of a supplier finance arrangement. The arrangement contemplates the transfer of receivables (outstanding Group's payables) by suppliers to predefined banks. The group has determined that the terms (amount, nature, function and timing) of the trade payables are otherwise substantially unchanged and that it is therefore appropriate to continue presenting the relevant amounts within trade payable in the balance sheet.

The other current liabilities include:

In thousands of EUR	2022	2023
Income taxes payable	55,548	40,906
Other taxes payable	48,317	36,285
Remuneration payable	82,949	85,935
Social security payable	24,806	30,415
Deferred income and accrued charges	21,679	22,700
Derivative financial instruments with negative fair values	650	15,236
Dividends payable	1,482	41
Amount due to customers for construction contracts in progress	1,737	417
Advances received on construction contracts not started yet	1,530	2,807
Current cash guarantees received	796	380
Other	20,246	25,018
Total	259,740	260,140

Note 27 – Statement of cash flow details

(a) Depreciation, amortisation and impairment losses

2023

In thousands of EUR	Property,plant, equipment (note 8)	Intangible assets (note 9, 10)	Investment properties (note 11)	Assets held for sale (note 12)	Total
Depreciation	197,757	-	42	-	197,799
Amortisation	-	47,657	-	-	47,657
Impairment losses	4,161	8,373	-33	-	12,501
Total	201,918	56,030	9	-	257,957

2022

In thousands of EUR	Property,plant, equipment (note 8)	Intangible assets (note 9, 10)	Investment properties (note 11)	Assets held for sale (note 12)	Total
Depreciation	175,649	-	39	-	175,688
Amortisation	-	37,314	-	-	37,314
Impairment losses	15,205	2,485	-144	14	17,560
Total	190,854	39,799	-105	14	230,562

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

2023

In thousands of EUR	Property,plant, equipment (note 8)	Intangible assets (note 10)	Investment properties (note 11)	Assets held for sale (note 12)	Total
Disposal proceeds	1,574	1,002	2,351	-	4,927
Net book value disposals	-3,279	-16,978	-915	-	-21,172
Gains (losses) on disposal	-1,705	-15,976	1,436	-	-16,245
Losses on retirement	-	-	-	-	-
Total	-1,705	-15,976	1,436	-	-16,245

2022

In thousands of EUR	Property,plant, equipment (note 8)	Intangible assets (note 10)	Investment properties (note 11)	Assets held for sale (note 12)	Total
Disposal proceeds	4,669	302	-	8,217	13,188
Net book value disposals	-4,202	-14,859	-	-1,346	-20,407
Gains (losses) on disposal	467	-14,557	-	6,871	-7,219
Losses on retirement	-	-	-	-	-
Total	467	-14,557	-	6,871	-7,219

(c) Capital expenditure

In thousands of EUR	2022	2023
Property, plant and equipment (note 8)	280,437	338,840
Intangibles assets (note 10)	20,882	32,111
Assets held for sale (note 12)	13	-
Total	301,332	370,951
Property, plant and equipment - leased	15,030	33,138
Total Capital expenditure - leased	15,030	33,138
Property, plant and equipment - owned	265,407	305,702
Intangibles assets - owned	20,882	32,111
Assets held for sale - owned	13	-
Total Capital expenditure - owned	286,302	337,813

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

In thousands of EUR	2022	2023
Inventories	-29,671	29,173
Trade and other receivables, trade and other liabilities	-52,846	4,081
Provisions	8,459	-5,459
Employee benefits	-15,184	-26,851
Total	-89,242	944

(e) Interest and dividend received

In thousands of EUR	2022	2023
Interest received	7,700	20,259
Dividend Associates	887	641
Total	8,587	20,901

(f) Reconciliation Income tax expense – income tax paid

In thousands of EUR	2022	2023
Income Tax expense	-102,406	-113,371
Changes in Deferred taxes	5,343	8,043
Changes in income tax payables/receivables	-747	-23,449
Income Tax paid	-97,810	-128,777

(g) Dividend paid

In thousands of EUR	2022	2023
Dividend Etex N.V.	-65,658	-72,693
Minority interest	-5,368	-1,157
Changes dividend payable	1,441	-1,441
Exchange difference	-397	582
Total dividend paid	-69,983	-74,709

(h) Changes in liabilities arising from financial liabilities

2023

			Non-cash changes					
In thousands of EUR	January 01, 2023	Cash flows	Foreign exchange movements	New leases	Transfers	Scope in	Scope out	December 31, 2023
Bank loans	941,495	-6,890	-19,765	-	-4,002	5,841	-2,870	913,809
Other financial loans	5,902	4,409	-10	-	-745	-	-	9,556
Non-current lease liability	124,900	-1,902	-7,415	33,138	-24,034	9,144	-2,917	130,914
Non-current financial liabilities	1,072,297	-4,383	-27,190	33,138	-28,781	14,985	-5,787	1,054,279
Bank loans	28,638	-26,772	-1,475	-	4,002	-	-	4,393
Bank overdrafts	4,738	-1,782	-317	-	-	-	-	2,639
Other financial loans	186,716	-39,877	807	-	745	28,349	-6	176,734
Current lease liability	26,525	-23,068	4	-	24,034	-	-	27,495
Current financial liabilities	246,617	-91,499	-981	-	28,781	28,349	-6	211,261
Total loans and borrowings	1,318,914	-95,882	-28,171	33,138	-	43,334	-5,793	1,265,540

2022

			Non-cash changes						
In thousands of EUR	January 01, 2022	Cash flows	Foreign exchange movements	New leases	Transfers	Disposal	Scope in	Scope out	December 31, 2022
Bank loans	113,243	858,045	-4,262	-	-25,531	-	-	-	941,495
Other financial loans	7,205	-287,283	-	-	-1,426	-	287,406	-	5,902
Non-current lease liability	136,403	-6,143	-4,101	15,030	-27,241	-	10,961	-9	124,900
Non-current financial liabilities	256,851	564,619	-8,363	15,030	-54,198	-	298,367	-9	1,072,297
Bank loans	4,335	-651	-577	-	25,531	-	-	-	28,638
Bank overdrafts	1,390	3,396	-48	-	-	-	-	-	4,738
Other financial loans	172,335	2,441	-4,544	-	1,426	-	15,058	-	186,716
Current lease liability	22,702	-23,150	-169	-	27,241	-	-	-99	26,525
Current financial liabilities	200,762	-17,964	-5,338	-	54,198	-	15,058	-99	246,617
Total loans and borrowings	457,613	546,655	-13,701	15,030	-	-	313,425	-108	1,318,914

Note 28 – Transactions with related parties

Transactions between Etex and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not included in the notes. Transactions with equity accounted investees and joint ventures are included in note 13.

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

In thousands of EUR	2022	2023
Board of Directors:		
Short term employee benefits	*1,060*	*1,048*
Executive Committee:		
Short term employee benefits	*9,501*	*12,388*
Post employment benefits	*497*	*904*
Share based payment	*8,210*	*6,000*
Number of stock options granted during the year	*538,300*	*551,450*

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

Note 29 – Remuneration of statutory auditor

The world-wide audit remuneration for the statutory auditor totalled €2,819 thousand (€2,944 thousand in 2022). The fees paid to the statutory auditor for additional services amounted to €1,441 thousand (€1,720 thousand in 2022), of which €572 thousand Other engagements (€1,070 thousand in 2022) and €869 thousand tax & advisory services (€650 thousand in 2022).

Note 30 – Etex companies

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

		% equity interest	
		2022	2023
Europe			
Austria	Etex Building Performance GmbH	100%	100%
	URSA Dämmsysteme Austria GmbH	100%	100%
Belgium	Comptoir du Bâtiment N.V.	100%	100%
	Etergyp N.V.	100%	100%
	Eternit N.V.	100%	100%
	Etex Building Performance N.V.	100%	100%
	Etex N.V.	100%	100%
	Etex New Ways N.V.	100%	100%
	Etex Services N.V.	100%	100%
	Etexco N.V.	100%	100%
	Euro Panels Overseas N.V.	100%	100%
	Microtherm N.V.	100%	100%
	Promat Research and Technology Center N.V.	100%	100%
	URSA Benelux B.V.	100%	100%
Bosnia	Siniat d.o.o.	100%	100%
Croatia	URSA Zagreb D.O.O.	100%	100%
Czech Republic	Promat s.r.o.	100%	100%
	URSA CZ s.r.o.	100%	100%
Denmark	Skamol A/S	0%	100%
	Etex Nordic A/S	100%	100%
Estonia	OÜ URSA Baltic	100%	100%
France	Etermat S.A.S.U.	100%	100%
	Eternit S.A.S.U.	100%	100%
	Etex Building Performance International S.A.S.	100%	100%
	Etex France Building Performance S.A.	100%	100%
	Etex France Exteriors	100%	100%
	Etex Materiaux de Construction S.A.S.	100%	100%
	Papeteries de Bègles S.A.S.	100%	100%
	Pladur France S.A.S.	100%	100%
	Skamol France S.A.S.	0%	100%
	URSA France S.A.S.	100%	100%
	URSA INSMAT France S.A.S.	100%	100%
Germany	Etex Building Performance GmbH	100%	100%
	Etex Germany Exteriors GmbH	100%	100%
	Etex Holding GmbH	100%	100%
	Promat Service GmbH	100%	100%
	Skamol Europe GmbH	0%	100%
	URSA Deutschland GmbH	100%	100%
	URSA (INSMAT) Holdings GmbH	100%	100%
	Wanit Fulgurit GmbH	100%	100%
Hungary	URSA Salgótarján Zrt	100%	100%
Italy	Edilit S.r.l.	100%	100%
	Etex Building Performance S.p.A.	100%	100%
	Etex Italia S.r.l.	100%	100%
	Immogit S.r.l.	100%	100%
	Promat S.p.A.	100%	100%
	Siniat Holding Italy S.r.l.	100%	100%
	Skamol Italia S.r.l.	0%	100%
	URSA Italia S.r.l.	100%	100%
Ireland	Etex Ireland Limited	100%	100%
	Evolusion Innovation International Limited	60.00%	60.00%
	Evolusion Innovation Limited	60.00%	60.00%
	Horizon Offsite Limited	100%	100%
	Tegral Holding Limited	100%	100%
Lithuania	UAB Eternit Baltic	100%	100%
Luxemburg	Eternit Investment S.à.r.l.	100%	100%
	Etex Asia S.A.	100%	100%
	Etex Finance S.A.	100%	100%
	Etex Luxembourg S.A.	100%	100%
	Maretex S.A.	100%	100%
	Merilux S.à.r.L.	100%	100%
	Poly Ré S.A.	100%	100%
Netherlands	Eternit B.V.	100%	100%
	Eternit Holdings B.V.	100%	100%
	Etex Building Performance B.V.	100%	100%
	Nefibouw B.V.	100%	100%
	Uralita Holding B.V.	100%	100%
Poland	Etex Poland Sp. z o.o.	100%	100%
	Siniat Polska Sp. z o.o.	100%	100%
	Skamol Eastern Europe Sp. z o.o.	0%	100%

		% equity interest 2022	2023
	Skamol Polska Sp. z o.o.	0%	100%
	URSA Polska Sp. z o.o.	100%	100%
Portugal	EPISA SL	100%	100%
Romania	Betacon S.R.L.	0%	100%
	Etex Building Performance S.A.	100%	100%
	URSA Romania S.R.L.	100%	100%
Russia	Etex Russia	100%	100%
	URSA Eurasia LLC	100%	0%
Serbia	Etex Building Performance d.o.o.	100%	100%
	URSA Beograd d.o.o.	100%	100%
Slovakia	URSA SK S.R.O.	100%	100%
Slovenia	Promat d.o.o.	100%	100%
	URSA Slovenija d.o.o.	100%	100%
Spain	Almería Gypsum S.A.	100%	100%
	Euronit Fachadas y Cubiertas S.L.	100%	100%
	Pladur Gypsum S.A.	100%	100%
	Promat Ibérica S.A.	100%	100%
	Skamol Spain Trading S.L.	0%	100%
	URSA Ibérica Aislantes S.A.	100%	100%
	URSA Insulation S.A.	100%	100%
Switzerland	Etex Switzerland & Austria GmbH	100%	100%
Ukraine	Siniat Gips ALC	100%	100%
	Siniat Gips Ukraine LLC	100%	100%
United Kingdom	Crucible Gypsum Recycling Limited	100%	100%
	EM Holdings UK Limited	100%	100%
	Evolution Innovation UK Limited	60.00%	60.00%
	EOS Framing Limited	100%	100%
	EOS Offsite Solutions Limited	100%	100%
	Eternit UK Limited	100%	100%
	Etex (Exteriors) UK Limited	100%	100%
	Etex (U.K.) Limited	100%	100%
	Etex Building Performance UK Limited	100%	100%
	FSi Limited	100%	100%
	John Brash Limited	100%	100%
	ML UK Holding Limited	100%	100%
	Promat Glasgow Limited	100%	100%
	Promat UK Limited	100%	100%
	Sigmat Limited	100%	100%
	Sigmat Group Limited	100%	100%
	Skamol United Kingdom Limited	0%	100%
	Superglass Insulation Limited	0%	100%
	URSA UK Limited	100%	100%
Latin America			
Argentina	Durlock S.A.	100%	100%
	Eternit Argentina S.A.	99.44%	99.44%
	Siniat Holding Argentina S.A.	100%	100%
Brazil	Gypsum Mineração Indústria e Comércio Ltda.	100%	100%
	Siniat Holding Brazil S.A.	100%	100%
Chile	Centro de Servicios Compartidos SpA	99.83%	99.83%

		% equity interest 2022	2023
	Empresas Pizarreño S.A.	99.83%	99.83%
	Inversiones Etex Chile Ltda.	100%	100%
	Inversiones San Lorenzo Chile S.A.	99.83%	99.83%
	Sociedad Industrial Pizarreño S.A.	99.77%	99.77%
	Sociedad Industrial Romeral S.A.	99.87%	99.87%
Colombia	Etex Colombia S.A.	99.95%	99.95%
	Gyplac S.A.	100%	100%
	Shared Services Colombia S.A.S.	100%	100%
Ecuador	EBM Ecuador S.A.	100%	100%
Mexico	Servicios de Gestion S.A. de C.V.	100%	100%
	Servicios Atacama S.A. de C.V.	99.79%	0%
Peru	Etex Peru S.A.C.	100%	100%
	Fabrica Peruana Eternit S.A.	89.16%	89.16%
Uruguay	Eternit Uruguaya S.A.	97.50%	97.50%
Africa, Asia, Oceania, North			
Australia	Etex Australia Pty Ltd	100%	100%
	Promat Australia Pty Ltd	100%	100%
	Skamol Asia Pacific PTY Ltd	0%	100%
China	Eternit Guangzhou Building Systems Limited	66.65%	66.65%
	Promat International (Asia Pacific) Ltd.	100%	100%
	Promat Shangai Limited	100%	100%
	Skamol Shanghai Trading Co	0%	100%
India	Promat India	100%	100%
Indonesia	Etex BP Indonesia	94.93%	95.76%
Japan	Promat Japan	100%	100%
Malaysia	Etex Malaysia	100%	100%
Nigeria	Emenite Limited	56.87%	56.87%
	Eternit Limited	100%	100%
	Nigerite Limited	56.85%	56.85%
Singapore	Promat Building System Pte Ltd	100%	100%
South Africa	Etex South Africa Building Systems	100%	100%
United Arab Emirates	Etex Middle East LLC	100%	100%
United States of America	Promat Inc.	100%	100%
	Skamol Americas Inc.	0%	100%

Equity accounted entities

		% equity interest 2022	2023
Brazil	Tecverde Egenharia	46.00%	0.00%
Chili	E2E	50.00%	0.00%
Germany	CA-TEX GmbH	0.00%	50.00%
	Lichtensteiner Brandschutzglas GmbH & Co. KG	50.00%	50.00%
	Neuwieder Brandschutzglas GmbH	50.00%	50.00%
Poland	Kopalnia Gipsu Leszcze S.A.	50.00%	50.00%
	Nida Media Sp. z o.o.	50.00%	50.00%
Switzerland	Promat AG	26.00%	26.00%

Statutory auditor's report

Note 31 – Subsequent events

In February 2024, Etex closed the acquisition of Australian construction materials company BGC's plasterboard and fibre cement businesses. Through this deal, Etex expands its sustainable activities in the attractive Australian and New Zealand markets, with significant growth opportunities.

On 7 March 2024, a subsidiary of the Group received a notice of local authorities relating to a request for financial contribution to an asbestos removal program which was disclosed in the local media; the subsidiary of the Group considers this notice as unsubstantiated and without legal basis.

pwc

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY ETEX NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Etex NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 25 May 2021, following the proposal formulated by the board of directors, following the recommendation by the risk and audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the Company's consolidated accounts for 6 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR'000 4,684,156 and a profit for the year of EUR'000 266,731.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Health Claims – Note 20

Description of the key audit matter

As described in the Note 20, health claim provisions totalling mEUR 50.1 as at 31 December 2023 have been reported in the consolidated financial statements of Etex Group. In the past, various Etex subsidiaries used asbestos as a raw material in their industrial process. Even though we understand the use of asbestos has been banned in the entire Group, some companies may still receive claims relating to past exposure to asbestos. The provisions reflect the costs of the settlement of claims which are both probable and can be reliably estimated.

The matter is of most significance to our audit because the assessment process is complex, the potential risk varies depending on the legal situation in the relevant country, its national social security system and the insurance cover of the relevant company and involves significant management judgement. Assumptions and estimates used in valuing these provisions are, amongst others, related to:

- the number of employees involved;
- the likely incidence, the disease mix and the mortality rates;
- expected insurance cover;
- legislative environment.

Changes in assumptions and estimates used to value the environmental provisions may have a significant effect on the Group's financial position.

How our audit addressed the key audit matter

As part of our audit procedures, we have assessed management's process to identify asbestos obligations and changes in existing obligations in compliance with IAS 37 requirements. We assessed the accuracy, valuation and completeness of health claim provisions as per 31 December 2023. This assessment included:

- meetings with Group management;
- inquiries of in-house legal counsel;
- review of litigation reports;
- evaluate management's assessment including consistency in assumptions;
- analysis and back testing of the cash outflow projections;
- tracing of corroborative evidence of the amounts spent.

We found the assumptions and data used to be reasonable and in line with our expectations, management's methodology and estimates to be reasonable and the related disclosures appropriate.

Post-employment benefit obligations – Note 22

Description of the key audit matter

As described in Note 22, the Group has defined benefit pension plans of which the most significant are in the UK and Ireland. Through its defined benefit pension plans, the Group is exposed to a number of risks, mainly being:

- asset volatility, the pension plans hold significant investments in equities, bonds, cash, property and funds;
- actuarial assumptions including expected inflation, discount rate, future salary increases and mortality rates life expectancy.

The procedures over the post-employment benefit provisions were of most significance to our audit because the assessment process is complex and involves significant management judgement. Actuarial assumptions are used in valuing the Group's post-employment benefit plans. Small changes in assumptions and estimates used to value the Group's net post-employment benefit liability may have a significant effect on the Group's financial position. Technical expertise is required to determine these amounts.

The post-employment benefit provision as per 31 December 2023 in respect of both funded and unfunded plans consists out of defined benefit obligations (mEUR 967) offset by plan assets (mEUR 945).

How our audit addressed the key audit matter

We evaluated and challenged management's key actuarial assumptions (both financial and demographic) by performing independent testing of those assumptions supporting the Group's post-employment benefit obligation.

In performing the evaluation of the assumptions (being discount, inflation and salary increase rates and mortality / life expectancies), we utilized our internal specialists' knowledge to assess the reasonableness of the assumptions used by management.

We tested the participant census data as included in the actuarial reports obtained by the company and we obtained the valuation reports of the plan assets from the investment managers.

We found the assumptions and data used to be reasonable and in line with our expectations, management's methodology and estimates to be reasonable and company's disclosures of post-employment benefit provisions appropriate.

Impairment testing of goodwill, intangible assets and property, plant and equipment – Note 8, 9 and 10

Description of the key audit matter

The carrying value of the Group's goodwill, intangible assets & property, plant and equipment amounts to mEUR 3,332 as at 31 December 2023.

We consider this as most significant to our audit because the determination of whether or not an impairment charge for these assets is necessary involves significant judgement by the Directors and management about the future results of the business.

The impairment assessment holds a comparison of the recoverable amount of the Cash Generating Unit (CGU) and its specific assets to its carrying value: the CGU's were defined in compliance with the organizational structure as described in Note 9.

In particular, we focused on the reasonableness and impact of key assumptions including:

- cash flow forecasts derived from internal forecasts and the assumptions around the future performance;
- the discount rate and the long term growth rate including assessment of risk factors and growth expectations of the relevant territory;

How our audit addressed the key audit matter

We evaluated management's assessment of the indicators of impairment and challenged impairment calculations by assessing the future cash flow forecasts used in the models and the process by which they were drawn up, including comparing them to the latest internal forecasts presented to the Board of Directors.

We understood and challenged:

- assumptions used in the Group's internal forecasts and the long term growth rates by comparing them to economic and industry forecasts;
- the historical accuracy of forecasts to actual results to determine whether cash flow forecasts are reliable based on past experience;
- the discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organizations;
- the mathematical accuracy of the underlying calculations.

In performing the above work, we utilized our internal valuation experts to provide challenge and external market data to assess the reasonableness of the assumptions used by management.

We performed sensitivity analysis around the key drivers within the cash flow forecasts to ascertain the extent of change in those assumptions and also considered the likelihood of such a movement in those key assumptions arising.

Whilst recognizing that cash flow forecasting and impairment modelling are both inherently judgmental, we found that the assumptions used by management were within an acceptable range of reasonable estimates and company's disclosures of impairment assessment appropriate.

Responsibilities of the board of directors for the preparation of consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and the risk and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors and the risk and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors and the risk and audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Antwerp, 19 April 2024

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

Peter Van den Eynde*
Réviseur d'Entreprises / Bedrijfsrevisor

*Acting on behalf of Peter Van den Eynde BV

Non-consolidated accounts of Etex N.V.

The annual accounts of Etex N.V. are presented below in a summarised form.

In accordance with the Belgian Company Code, the annual accounts of Etex N.V., together with the management report and the auditor's report, will be registered at the National Bank of Belgium.

These documents are also available upon request at:

Etex N.V.
Group Finance Department
Passport Building | Luchthaven Brussel Nationaal | Gebouw 1K
1930 Zaventem

The auditors have expressed an unqualified opinion on the annual statutory accounts of Etex N.V.

Summarised balance sheet

in thousands of EUR	2022	2023
Fixed assets	3,020,014	3,087,216
Tangible and intangible assets	1,639	1,741
Financial assets	3,018,375	3,085,475
Current assets	29,612	22,361
TOTAL ASSETS	3,049,626	3,109,577
Capital and reserves	2,003,495	1,995,862
Capital	2,533	2,533
Share premium	743	743
Reserves	2,000,219	1,992,586
Provisions	20,477	23,200
Creditors	1,025,654	1,090,515
TOTAL EQUITY AND LIABILITIES	3,049,626	3,109,577

Summarised income statement

in thousands of EUR	2022	2023
Operating income	60,012	71,535
Operating charges	-71,241	-72,961
Operating result	-11,229	-1,426
Financial result	674,433	88,663
Profit / <loss> before taxes	663,204	87,237
Income taxes	-39	-9,548
Profit / <loss> for the year	663,165	77,689
Release of tax free reserves	-	-
Profit / <loss> for the year to be appropriated	663,165	77,689

The financial result includes non-recurring items for €0 thousand in 2023, and €0 thousand in 2022.

Profit distribution

The Board of Directors will propose at the General Shareholders' Meeting on 22 May 2024 a net dividend of €0.7210 per share. The proposed gross dividend is €1.03 per share.

Appropriation account

in thousands of EUR	2022	2023
Profit / <loss> to be appropriated	663,165	77,689
Profit / <loss> for the year to be appropriated	663,165	77,689
Appropriation of the result	663,165	77,689
Transfer to/from reserve	-586,126	7,634
Profit to be distributed	-77,039	-85,323

Glossary

Definitions below relate to alternative performance measures.

Capital employed

Non-cash working capital plus property, plant and equipment, goodwill and intangible assets, investment properties and non-current assets held for sale.

Capital expenditure

Acquisition of property, plant and equipment, intangible assets and investment properties, excluding acquisitions through business combination.

Effective income tax rate

Income tax expense divided by the profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Free Cash Flow

Free cash flow is the sum of the cash flow from operating activities, interest paid and received, dividend received less capital expenditure.

Net financial debt

Current and non-current financial liabilities, including capital leases, less current financial assets and cash or cash equivalents.

Net recurring profit (Group Share)

Net profit for the year before non-recurring items, net of tax impact and attributable to the shareholders of the Group.

Revenue

Includes the goods delivered and services provided by the Group during the period, invoiced or to be invoiced, net of discounts, rebates and allowances.

Non-recurring items

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

Operating income or EBIT (earnings before interest and taxes)

Income from operations, before financial charges and income, share of result in investments accounted for using the equity method and income tax expenses.

Operating cash flow or EBITDA (earnings before interest, taxes, depreciation and amortisation)

Operating income before charges of depreciation, impairment or amortisation on tangible and intangible fixed assets.

Net profit (Group share)

Profit for the year attributable to the shareholders of the Group.

Recurring distribution rate

Gross dividend per share divided by the net recurring profit (Group share) per share, expressed as a percentage.

Recurring operating income (REBIT)

Income from operations, before non-recurring items and before financial charges and income, share of result in investments accounted for using the equity method and income tax expenses.

Recurring operating cash flow (REBITDA)

Recurring operating income before charges of depreciations, impairment or amortization on tangible and intangible fixed assets.

Return on capital employed (ROCE)

Operating income divided by the average capital employed (at the beginning of the year plus at the end of the year divided by two), expressed as a percentage.

Theoretical income tax expenses

Country-based nominal tax rate applied to the profit before taxes of each entity.

Weighted average nominal tax rate

Country-based nominal tax rate applied to the profit before taxes of each entity divided by the Group's profit before income tax and before share of result in investments accounted for using the equity method, expressed as a percentage.

Weighted average number of shares

Number of issued shares at the beginning of the period adjusted for the number of shares cancelled or issued during the period multiplied by a time-weighting factor.

GRI content

How we report on sustainability

Etex's achievements in 2023 demonstrate that the company is making significant progress towards its 2030 sustainability ambitions. The GRI (Global Reporting Initiative) content index indicates our alignment with the GRI Standards - aimed at advancing the practice of sustainability reporting - for the general disclosures and our material topic areas.

Ikeja, Nigeria, Etex teammate

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 2: General Disclosures 2021	**2-1**	**Organisational details**	Etex NV is a private company and its securities are not traded on a regulated market. It is headquartered in Zaventem, Belgium (company registration number RPM: 0400.454.404). For countries of operations, see map on p. 13).	Full
	2-2	**Entities included in the organisation's sustainability reporting**	- On 8 May 2023, Etex completed the acquisition of Skamol, a leading Danish manufacturer of fire protection and specialty insulation products and solutions, with 264 teammates joining. - On 21 June 2023, Etex completed the acquisition of Superglass, a top three player in the United Kingdom and Ireland in the growing glass mineral wool insulation market, with 190 teammates joining. - On 20 December 2023, Etex completed the acquisition of SCALAMID, a manufacturer of fibre cement panels featuring cutting-edge digital printing and coating technology, with 15 teammates joining. - The group also acquired Betacon on 23 June 2023; however this did not involve new teammates joining. - On 23 August 2023, Etex completed the divestment of Russian URSA activities, with 375 teammates leaving.	Full
	2-3	**Reporting period, frequency and contact point**	Reporting period runs from 1 January 2023 to 31 December 2023. To compare progress and data on our material topic areas, please review our previous reports: 2022 Annual Report, (combined Annual and Sustainability report), 2021 Sustainability Report, 2021 Annual Report.	Full
	2-4	**Restatements of information**	- The Danish Skamol activities were acquired early May 2023; data from Skamol therefore covers an eight-month period from May 2023. - Our Superglass insulation business was acquired end of June 2023; data from Superglass therefore covers a six-month period from July 2023. - The Betacon activities were acquired end of June 2023; therefore, data from Betacon covers a six-month period from July 2023. - Our new SCALAMID activities were acquired end of December 2023; therefore, data from SCALAMID covers a few days in December 2023. - Our URSA insulation business, acquired in June 2022, is integrated in our annual report for a 12-month period.	Full
	2-5	**External assurance**	No external assurance for our non-financial data was conducted for reporting year 2023; however, we did conduct a pre-assurance assessment with an external party to consider for future reports.	Full
	2-6	**Activities, value chain and other business relationships**	Etex operates in the manufacturing sector and comprises five divisions: Building Performance, Exteriors, Industry, New Ways and Insulation. We provide lightweight solutions to our customers, including fibre cement and plasterboard applications, offsite and modular building systems, high performance and fire protection.	Full

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 2: General Disclosures 2021	**2-7**	**Employees**	Total employees: 13,777 - Gender: Female: 2,664, Male: 11,113 - Regions: Europe: 9,081, Asia-Pacific: 1,510, Americas: 2,598, Africa: 588 Contract Permanent: 13,064 - Gender: Female: 2,515, Male: 10,549 - Regions: Europe: 8,657, Asia-Pacific: 1,500, Americas: 2,324, Africa: 583 Temporary employees: 713 - Gender: Female: 149, Male: 564 - Regions: Europe: 424, Asia-Pacific: 10, Americas: 274, Africa: 5 Full-time employees: 13,439 - Gender: Female: 2,440, Male: 10,999 - Regions: Europe: 8,767, Asia-Pacific: 1,498, Americas: 2,586, Africa: 588 Part-time employees: 338 - Gender: Female: 224, Male: 114 - Regions: Europe: 314, Asia-Pacific: 12, Americas: 12 The numbers above only include employees who have an employment contract directly with Etex. The numbers shown represent employee headcount as of 31 December 2023, including temporary contracts. This is in contrast to Note 3 of the Financial Report, where full-time equivalent data excluding temporary personnel are reported.	Full
	2-8	**Workers who are not employees**	As regards Etex Health, Safety and Well-being, we have workers who work for third parties and are not in the HRIS system.	Full
	2-9	**Governance structure and composition**	See Our governance structure, p. 72	Full
	2-10	**Nomination and selection of the highest governance body**	See Our governance structure, p. 72 The People Committee assists the Board with appointments, selection, renewals, succession planning, assessing composition and size, proposals regarding remuneration, supervising share option plans, monitoring talent development and reviewing continuous improvement on culture, Health and Safety and Diversity, Equity and Inclusion. All sustainability related topics are discussed in the Sustainability Committee and reported to the Board.	Full
	2-11	**Chair of the highest governance body**	The Chair of the highest governance body is Johan Van Biesbroeck.	Full
	2-12	**Role of the highest governance body in overseeing the management of impacts**	Etex's Board of Directors sets the overall group strategy, decides on major investments and monitors all corporate activities. Throughout 2023, the Board reflected on purpose, value, mission, policies and goals related to sustainable development with a continued focus on the Road to Sustainability 2030.	Full
	2-13	**Delegation of responsibility for managing impacts**	To assist and advise the Board on specific matters, the Board has four advisory committees: Strategy Committee, Risk and Audit Committee, People Committee and Sustainability Committee. Day-to-day responsibility for Etex is managed by the Executive Committee. Updates from the Executive Committee are given to the Board during every Board meeting.	Full

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 2: General Disclosures 2021	**2-14**	**Role of the highest governance body in sustainability reporting**	The Board approves initiatives relating to sustainability and corporate social responsibility upon recommendations by the Sustainability Committee. Both bodies promote a culture that sets high standards for sustainability and reviews performance against those standards. They also monitor and review Etex's policies on sustainability.	Full
	2-15	**Conflicts of interest**	Corporate Governance Charter.	Partial
	2-17	**Collective knowledge of the highest governance body**	Continue training initiatives with the Board on sustainability related topics, including regulations and reporting.	Full
	2-18	**Evaluation of the performance of the highest governance body**	The Board reviews its size, composition, performance and those of its committees at least every three years. The People Committee is responsible for monitoring and reviewing the effectiveness of the Board.	Partial
	2-19	**Remuneration policies**	Corporate Governance Charter.	Partial
	2-20	**Process to determine remuneration**	Corporate Governance Charter.	Full
	2-22	**Statement on sustainable development strategy**	See Message to the stakeholders, p. 5	Full
	2-23	**Policy commitments**	The Etex Way Code of Conduct. See Safety, Health and Well-being, p. 33.	Full
	2-24	**Embedding policy commitments**	The Etex Way Code of Conduct.	Full
	2-25	**Processes to remediate negative impacts**	Strategy Operational excellence, Engaged people, Sustainability and Innovation The Etex Way Code of Conduct.	Full
	2-26	**Mechanisms for seeking advice and raising concerns**	Speak Up Policy and Line in place for employees to report confidentially any concerns or violations, which are managed via a third party. Details provided to employees in Employee Handbook. The Etex Way Code of Conduct.	Full
	2-27	**Compliance with laws and regulations**	The Etex Way Code of Conduct. Etex was not fined for any significant breaches of laws or regulations in the reporting period.	Full
	2-28	**Membership associations**	EU Transparency Register - Construction Products Europe (indirectly through other trade associations) - Eurogypsum (indirectly through national gypsum associations) - EFFCM (European Federation of Fibre Cement Manufacturers) - Eurima (European Insulation Manufacturers Association) - Fire Safe Europe - Exiba (European Extruded Polystyrene Insulation Board Association) Other organisations/coalitions: - EuroACE (European Alliance of Companies for Energy Efficiency in Buildings) - Renovate Europe Campaign. Engagement and Associations Policy	Full
	2-29	**Approach to stakeholder engagement**	See Stakeholders, pages 17 and 18.	Full
	2-30	**Collective bargaining agreements**	Collective bargaining agreements cover 74.69 % of our workforce.	Partial

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 3: Material Topics 2021	**3-1**	**Process to determine material topics**	See Materiality matrix, p.19	Full
	3-2	**List of material topics**	See Materiality matrix, p.19	Full
	3-3	**Management of material topics**	See Materiality matrix, p.19	Full
GRI 201: Economic Performance 2016	**201-1**	**Direct economic value generated and distributed**	Direct economic value generated: - Revenue: EUR 3,807,898 (in thousands) Economic value distributed: - Cost of sales: EUR 2,633,810 (in thousands) - Distribution expenses: EUR 458,702 (in thousands) - Administrative and general expenses: EUR 223,796 (in thousands) - Other operations charges and income: EUR 25,346 (in thousands) Economic value retained: EUR 466,244 (in thousands).	Full
	201-3	**Defined benefit plan obligations and other retirement plans**	See Note 22, p. 101 to 104	Full
	201-4	**Financial assistance received from government**	See Note 4, p. 91	Full
GRI 301: Materials 2016	**301-2**	**Recycled input materials used**	In partnership with an external expert, Etex implemented clear definitions of recycled input, circular input and renewable materials to support the ambitious target of reaching 20% of circular input by 2030 for all our products. For 2024, we set the targets to achieve >13% circular input and +10% recycled material.	Partial
	301-3	**Reclaimed products and their packaging materials**	See Circularity, p.44.	Partial
GRI 302: Energy 2016	**302-1**	**Energy consumption within the organisation**	In 2023, Total Energy Consumption: 5,525.897 GWh Total Fuel Consumption: 4,575.175 GWh - Natural Gas consumed: 4,458.195 GWh - Diesel: 35.448 GWh - Fuel oil: 20.130 GWh - Propane: 61.402 GWh Total Electricity Consumption: 833.45 GWh - Electric power purchased: 822.726 GWh - Local Photovoltaic (PV) energy generation: 12.753 GWh - Electricity injected into the public grid: -2.029 GWh Heat: 117.272 GWh Green electricity produced and purchased/total electricity consumption: 60%	Partial
	302-2	**Energy consumption outside of the organisation**	None	Full
	302-3	**Energy intensity**	Energy intensity (KWh/tonnes of sellable finished goods produced): 733.2	Partial

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 302: Energy 2016	**302-4**	**Reduction of energy consumption**	Etex implemented a decarbonisation workstream and regional energy experts focusing on energy savings and energy reduction by insulation of equipment, investment in more efficient equipment, optimisation of production processes. Each plant developed its own energy reduction roadmap. For more information, see Decarbonisation, p.42	Partial
	302-5	**Reductions in energy requirements of products and services**	See Decarbonisation, p.42. Positive effect of the full integration of the insulation business with a high impact on the energy consumption of buildings. Also further optimisation in transportation services by selecting transportation companies with lower emitting trucks.	Partial
GRI 303: Water and Effluents 2018	**303-1**	**Interactions with water as a shared resource**	Sites are in contact with their water providers and external wastewater treatment plants. Sites also engage with local stakeholders when water is a shared resource: local farmers associations, town, etc.	Partial
	303-2	**Management of water discharge-related impacts**	Sites comply with local regulations and wastewater discharge permits.	Partial
	303-3	**Water withdrawal**	See Water, p. 45 Water withdrawal: 5,871 megalitres. Water withdrawal intensity: 0.775 m^3 per tonnes of sellable goods produced.	Full
	303-4	**Water discharge**	Water discharge is not equally monitored at all our sites. Etex is working on having proper water balance in place in our facilities in the near future. However, with the data received from our sites we discharge at least 1,510 megalitres, bringing our water consumption to 4,361 megalitres.	Partial
	303-5	**Water consumption**	Water discharge is not equally monitored at all our sites. Etex is working on having proper water balance in place in our facilities in the near future. However, with the data received from our sites we discharge at least 1,510 megalitres, bringing our water consumption to 4,361 megalitres.	Partial
GRI 304: Biodiversity 2016	**304-1**	**Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	List of quarry names can be found below. - Soledad II Soledad III, Madrid, Spain - Soledad VII, Castilla La Mancha, Spain - San Gabriel, Santiago, Chile - Cusano, Abruzzo, Italy - Gesseto, Abruzzo, Italy - Masseria, Abruzzo, Italy - Gelsa, Aragon, Spain - Hornos Ibericos III, Andalucia, Spain - Menchu, Andalucia, Spain - Villarubio, Castilla La Mancha, Spain - Beuda, Cataluna, Spain - Carresse, Nouvelle Aquitaine, France - Montmorency, Ile de France, France - Le Pin, Ile de France, France - Gipshütte, Endsee, Bavaria, Germany	Partial

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 304: Biodiversity 2016	**304-2**	**Significant impacts of activities, products and services on biodiversity**	Etex activities have an impact on biodiversity, especially at our quarries, such as habitats loss, creation or transformation. Impacts may therefore be negative or positive, but Etex is committed to working towards biodiversity enhancement at our quarries and assessing risks and opportunities at our manufacturing sites as per our biodiversity policy.	Partial
	304-3	**Habitats protected or restored**	At Etex, we protect and restore habitats through the management of our quarries. From 2023 onwards, a new biodiversity workstream will be focusing on collecting more data on biodiversity to enable us to disclose actual and verified figures.	Partial
GRI 305: Emissions 2016	**305-1**	**Direct (Scope 1) GHG emissions**	870,447 tonnes CO_2 e	Full
	305-2	**Energy indirect (Scope 2) GHG emissions**	148,471 tonnes CO_2 e (Market based)	Full
	305-3	**Other indirect (Scope 3) GHG emissions**	2,658,553 tonnes CO_2 e	Full
	305-4	**GHG emissions intensity**	0.13 (Scopes 1 and 2) metric tonnes of CO_2 e per tonnes of sellable finished goods produced.	Full
	305-5	**Reduction of GHG emissions**	The base year for our Scope 1 and Scope 2 emissions is 2018, when we started to consolidate these group-wide. However, due to several acquisitions in our gypsum and insulation activities the scope of the group's operations has changed since 2018. Despite these acquisitions, from our 2018 baseline, absolute GHG emissions for Scope 1 and Scope 2 decreased by 25,9%. Acquisitions related to our gypsum activities in Australia (2021), our insulation activities across Europe (URSA, Superglass) and in our high temperature insulation business (Skamol) are included. There is currently no off-setting of emissions.	Full
	305-7	**Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions**	Our total Scope 1 and Scope 2 emissions include carbon dioxide (CO_2), methane (CH4) and nitrous oxide (N2O)	Full
GRI 306: Waste 2020	**306-1**	**Waste generation and significant waste-related impacts**	See Circularity, p.44. We reduced our waste sent to landfill by 5% in absolute values in 2023 vs. 2022 (a 16% reduction on unchanged scope). Waste to landfill reduced by 28% in absolute values vs. 2018 (a 30% reduction on unchanged scope). 18 production sites sent zero waste to landfill.	Partial
	306-2	**Management of significant waste-related impacts**	See Circularity, p.44. We reduced our waste sent to landfill by 5% in absolute values in 2023 vs. 2022 (a 16% reduction on unchanged scope). Waste to landfill reduced by 28% in absolute values vs. 2018 (a 30% reduction on unchanged scope). 18 production sites sent zero waste to landfill.	Partial
	306-3	**Waste generated**	186,165.814 tonnes	Partial
	306-4	**Waste diverted from disposal**	119,321.302 tonnes - Hazardous waste reused externally: 103.770 tonnes - Hazardous waste recycled externally: 1,297.472 tonnes - Non-hazardous waste reused externally: 15,771.904 tonnes - Non-hazardous waste recycled externally: 102,148.156 tonnes	Full

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 306: Waste 2020	306-5	Waste directed to disposal	66,844.512 tonnes - Hazardous waste incinerated externally with energy recovery: 451.010 tonnes - Hazardous waste incinerated externally without energy recovery: 773.230 tonnes - Hazardous waste sent to landfill externally: 1,258.577 tonnes - Non-hazardous waste incinerated externally with energy recovery: 2,003.474 tonnes - Non-hazardous waste incinerated externally without energy recovery: 1,829.765 tonnes - Non-hazardous waste sent to landfill externally: 60,528.456 tonnes	Full
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Total new hires: 1,592 (+519 through acquisition Skamol, Superglass and SCALAMID) - Gender: Female: 416, Male: 1,176 - Age: <30: 577, 30-39: 533, 40-49: 299, >50: 183 - Regions: Europe: 904, Americas: 501, Asia-Pacific: 167, Africa: 20 Rate of new hires in reporting period: 11,44% - Gender: Female 16.33, Male 10.35 Turnover rate: 12.17%	Full
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Country approach depending on local legislative frameworks.	Partial
GRI 401: Employment 2016	401-3	Parental leave	Country approach depending on local legislative frameworks.	Partial
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Country approach depending on local legislative frameworks. Major organisational changes addressed with European Works Council, with whom we meet quarterly.	Partial
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	See Safety, Health and Well-being, p.33	Full
	403-2	Hazard identification, risk assessment and incident investigation	We complete systemic Hazard Identification and Risk Assessments (HIRA) of all routine tasks and measure results through assessments and reporting processes. In 2023, Etex started a project (continued in 2024) aimed at more effective management of the HIRA process (using IT-based solutions, including AI) at levels of sites, regions and divisions across Etex. For non-routine tasks and tasks in non-standard circumstances, Etex has implemented the Last Minute Risk Assessment (LMRA) process.	Full
	403-3	Occupational health services	Workers and permanent contractors at sites have free access to medical monitoring services including during working hours. This is delivered by competent individuals who are either internal (for large entities) or external with recognised qualifications or accreditation. Monitoring is organised at least once a year.	Full

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 403: Occupational Health and Safety 2018	**403-4**	**Worker participation, consultation and communication on occupational health and safety**	Regular meetings organised by Health and Safety committees help drive internal dialogue. Our committees are a legal requirement in most countries and include elected worker representation and secretary at almost every factory. The outcomes of the mostly bi-monthly meetings are displayed on the workers information panels. We updated a number of Environment, Health and Safety (EHS) global documents in 2023: - STD 001: Incident and Accident Management - STD 008: Working at Height - STD 018: Group Standard Procedure – Recognition and consequence process (new STD) - STD 019: Etex EHS Logistic Standard Loading / Unloading - SPE 002: Angle Grinders (new SPE) - A- DV 007: Modified Work	Full
	403-5	**Worker training on occupational health and safety**	Health and Safety training on average per employee: 18.9 hours Key training courses covering all Etex locations include: - SafeStart, a concept developing the aspect of behavioural safety - First Line Management Training - Safety Essentials - covers technical, organisational and behavioural elements of safety. - Other training is carried out according to the current training plans of individual Etex locations, according to their current needs.	Full
	403-6	**Promotion of worker health**	We run well-being initiatives and vaccination programmes, and employees have access to our 24/7 Employee Assistance Programme.	Full
	403-7	**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**	We run well-being initiatives and vaccination programmes, and employees have access to our 24/7 Employee Assistance Programme.	Full

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 403: Occupational Health and Safety 2018	403-8	**Workers covered by an occupational health and safety management system**	As of January 2023, we have implemented a reporting system for the hours worked and the corresponding number of employees. As a result, we have obtained the following numbers as 2023 data: Etex old scope (Building Performance, Exteriors, Industry, Holding): 1 - Number of Hours Worked for Etex Permanent Employees: 19,028,375 2 - Number of Hours Worked for Temporary and Hired Employees: 1,538,388 3 - Number of Hours Worked for Permanent Contractors: 3,265,076 4 - Total Number of Worked for Etex Employees: 24,334,810 5 - Number of Hours Worked for Non-Permanent Contractors: 523,675 6 - Number of Hours Worked Hours for Third Party: 2,675 7 - Number of Hours of absence for Etex Employees: 657,047 8 - Number of Employees for Etex Permanent Employees: 9,272 9 - Number of Employees for Temporary and Hired Employees: 630 10 - Number of Employees for Permanent Contractors: 1,475 11 - Total Number of Etex Employees: 11,377 Etex 2022 Acquisitions (New Ways, Insulation): 1 - Number of Worked Hours for Etex Permanent Employees: 2,741,300 2 - Number of Worked Hours for Temporary and Hired Employees: 132,510 3 - Number of Worked Hours for Permanent Contractors: 61,540 4 - Total Number of Worked Hours for Etex Employees: 2,952,288 5 - Number of Worked Hours for Non-Permanent Contractors: 1,204 6 - Number of Worked Hours for Third Party: 56 7 - Number of Absence hours for Etex Employees: 226,585 8 - Number of Employees for Etex Permanent Employees: 1,520 9 - Number of Employees for Temporary and Hired Employees: 57 10 - Number of Employees for Permanent Contractors: 29 11 - Total Number of Etex Employees: 1,579	Partial
	403-9	**Work-related injuries**	The classification: 'A high-consequence work-related accident' and 'A high-potential work-related incident / accident' was implemented in 2023. Its principles are described in STD 001: Incident and Accident Management and it is included in the EHS Management App - Home. For 2023, we can provide a comprehensive analysis of this scope for accidents in the following categories: FAT, LTA, MAA. We do not have a complete analysis of incidents involving FAA and HS Near Misses - we will be able to provide this for data through 2024. A high-consequence work-related accident 2023: - Old scope (Building Performance, Exteriors, Industry, Holding): 8 (2 FAT: Etex employees and permanent contractors and Etex non-permanent contractors, 5 LTA, 1 MAA) - 2022 Acquisitions (New Ways, Insulation): 3 (2 LTA, 1MAA) A potential high consequence related accident 2023: - Old scope (Building Performance, Exteriors, Industry, Holding): 25 (17 LTA, 8 MAA) - 2022 Acquisitions (New Ways, Insulation): 10 (10LTA)	Partial

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 403: Occupational Health and Safety 2018	403-10	**Work-related ill health**	The number of occupational diseases reported to the site is registered in the Etex EHS Management App - KPIs in monthly reports by all Etex locations. In 2023, a total of 10 cases of occupational diseases were registered: - January: 5 cases (Meldreth, UK: 3, Maipu, Chile - Operations: 2) - March: 3 cases (Meldreth, UK: 3) - June: 1 case (Saint Avold, France - Operations XP1: 1) - November: 1 case (Manizales, Colombia - Operations: 1)	Partial
GRI 404: Training and Education 2016	404-1	**Average hours of training per year per employee**	Digital learning: 38,408 hours (7,187 learners) - Global induction: 1,598 hours - Well-being: 1,854 hours - Lead to inspire: 487 hours - Development booster: 114 hours - Etex business orientation: 136 hours - Leadership essentials: 123.5 hours - First Line Manager training: 1,600 hours - Operations Academy: 3,956 hours - Promat Academy: 3,395 hours	Partial
GRI 404: Training and Education 2016	404-2	**Programmes for upgrading employee skills and transition assistance programmes**	Examples include the Operations Academy and Promat Academy. - The Operations Academy and its Continuous Improvement Pillar Certification Programme: a success story. From the launch of the first wave in October 2022 and until end of 2023, 33 teammates from the Manufacturing community became "Etex CI certified". This Certification Programme is designed to increase learners' competencies and professionalism in the field of Continuous Improvement (CI). Completing this programme will be completed using a combination of e-Learning, on-site projects (vs. three-year Plant Masterplan) and Coaching. This certification programme ensures that you not only have the technical knowledge (hard skills) but also demonstrate behavioural skills (soft skills). - In its inaugural year, the Promat Academy emerged as a strategic pillar, reshaping Promat's approach to learning and development. Serving as a catalyst for commercial excellence and customer centricity, the Academy has been creating an immersive learning journey, not limited to the transfer of knowledge, but also nurturing Promat teammates' professional growth. By integrating cross-functional content on finance, sustainability, marketing and digital operations, the Academy has empowered individuals to become well-rounded and agile professionals, driving sales excellence to new heights and embracing a customer-centric mindset.	Partial
	404-3	**Percentage of employees receiving regular performance and career development reviews**	Our performance cycle includes a development conversation and plan covering career ambitions. Office workers are covered through Etex Talent. Factory workers are covered through the three-year master plan in Factory of Tomorrow. 53.41% of employees received a regular performance and career development review in 2023. This figure does not include employees who joined through our 2023 acquisitions, left Etex or planned to leave in early 2023, or joined Etex in the last quarter.	Partial

GRI STANDARD	GRI DISCLOSURES AND REQUIREMENTS		RESPONSE	COVERAGE
GRI 405: Diversity and Equal Opportunity 2016	405-1	**Diversity of governance bodies and employees**	Executive Committee: 12 members - Gender: Male: 75%, Female: 25% - Age: 40-49 years old: 17%, 50-59 years old: 66%, 60-69 years old: 17% Board of Directors: 11 members - Gender: Male: 64%, Female: 36% - Age: 30-39 years old: 9%, 40-49 years old: 17%, 50-59 years old: 45%, 60-69 years old: 27%	Full
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	**Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**	We have started requiring and collecting our Etex supplier code of conduct signed during our request for proposal (RFP) phase. We are aiming to have this signature and spend coverage percentage KPI monitored.	Partial
GRI 408: Child Labour 2016	408-1	**Operations and suppliers at significant risk for incidents of child labour**	We have started requiring and collecting our Etex supplier code of conduct signed during our request for proposal (RFP) phase. We are aiming to have this signature and spend coverage percentage KPI monitored.	Partial
GRI 409: Forced or Compulsory Labour 2016	409-1	**Operations and suppliers at significant risk for incidents of forced or compulsory labour**	In 2023, our supply chain due diligence procedure was: - Self-assessment with EcoVadis for strategic categories and risky countries and mandatory registration in EcoVadis at each RFP level. - Audit of one specific supplier in India (Wollastonite). - Supplier code of conduct signed for risky category potentially related to Uighur region (silicon/silica fume) + EcoVadis assessment, ad hoc physical audit (on request for three Chinese suppliers). - We are currently evaluating environmental, ethical and social risks in our upstream supply chain for main strategic categories.	Partial
GRI 414: Supplier Social Assessment 2016	414-1	**New suppliers that were screened using social criteria**	1,174 suppliers with an overall performance of 57.4 % and representing 43% of our spend (39% +4% ongoing - including URSA).	Partial
	414-2	**Negative social impacts in the supply chain and actions taken**	15% of suppliers screened via EcoVadis fell below the minimum threshold (181 suppliers out of 1,174) in the following KPIs related to improvement areas: - No evidence of actions on working conditions. - No evidence of actions on employee health and safety issues. - No evidence of supplier CSR risk analysis and/or supplier CSR assessment.	Partial
GRI 415: Public Policy 2016	415-1	**Political contributions**	At Etex, we abstain from making any financial or in-kind political contributions.	Full

Colophon

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