Condensed Consolidated **Interim Financial Statements.**

Half-Year Report -
Six months ended.

30 June 2024.

inspiring ways of living

2024 Half-Year Results

<u>Highlights:</u>

- After 2 record-years, Etex's financial performance remains solid and in line with the company's 2024 forecasts - despite significant drops on the new build and renovation markets - with contractions averaging double digits across Europe.
- Revenue decrease of 4.2% to EUR 1,931 million compared to the same time last year (-5.7% like-for-like) following volume declines.
- REBITDA decrease of 5% to EUR 377 million compared to the same time last year (-7.5% like-for-like). Margins remain stable and strong at 19.5% of sales, in line with last year, helped by intense costs management.
- Stable financial debt at EUR 1,174 million and continued investments for future growth through capital expenditure and acquisitions. Solid balance sheet.
- Outlook for the rest of 2024: careful and regular evaluation in response to the volatile situation.

Comment from Bernard Delvaux, CEO of Etex: *"For over a year now Etex and the construction sector have faced challenging market conditions characterised by a sustained decline in new build and renovation activities across most regions, resulting in a drop in volumes. Nevertheless, we delivered a resilient performance with stable REBITDA margins in the first half of 2024, in line with our anticipations and targets for the period.*

Despite this difficult context, we continued to future-proof our activities through significant global capital expenditure and strategic acquisitions to expand in new markets. We also made significant progress towards our 2030 sustainability ambitions and improved the engagement of our people.

For the rest of 2024, we will continue our careful and regular assessment and adaptation to the volatile situation, just as we have done so in previous months and years. These elements combined should help Etex continue to deliver good results and help build living spaces that are ever safer, more sustainable, smart and beautiful."

Strong profitability despite top-line decreases

In the first half of the year, Etex reported a revenue of EUR 1,931 million, a decrease of 4.2% compared to the same time last year. This is mainly due to poor market conditions and their impact on volumes. The company's results benefitted from the scope effect of some of its recent acquisitions, namely the scope impact of BGC's lightweight businesses (plasterboard and fibre cement), Skamol (fire protection and specialty insulation), as well as Superglass (glass mineral wool). However, these were offset by the devaluation of the Argentinian peso and Nigerian naira since last year.

Over the past two years, leading housing construction indicators in Etex's core markets have declined sharply by 35 to 50%, with this downward trend continuing into early 2024. Housing starts have reached their lowest levels since 2003, while housing permits are nearing historically low levels recorded between 2008-2009. This sharp downturn highlights the challenging market conditions in the residential construction sector.

The recurring operating cash flow (REBITDA) reached a value of EUR 377 million, a decrease of 5.0% compared to the same time last year. This is explained by volume drops and capacity underutilisation despite strong cost management. The REBITDA margin stood at a strong 19.5%, only 0.2% lower than in the first half of 2023.

Etex's net recurring profit (Group share) [1] **decreased by 8.1% year-on-year, from EUR 166 million to EUR 152 million**. This reduction was driven by changes in operating income, partially offset by lower tax expenses.

The company's net profit (Group share) for the first half of 2024 reached EUR 107 million, a decline of 46.7% compared to EUR 200 million in the same period last year. This decrease is due to the erosion of operating income, combined with particularly high adverse effects from monetary losses recognised under hyperinflation accounting in Argentina, as well as the absence in 2024 of a significant gain on reselling an interest rates' hedging contract as in the first half of 2023.

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[1] To go from net profit (Group share) to net recurring profit (Group share), the following adjustments are made:
- Non-recurring income and charges, net of tax impacts;
- For 2023 specifically, the one-off gain realised on selling an interest rates hedging contract, adjusted net of taxes;
- Beginning in 2024, adjustments are made for the impact of monetary losses in financial charges resulting from the hyperinflationary accounting indexation of equity and non-monetary assets and liabilities (currently applicable only in Argentina);
- To offset these monetary losses and to protect cash from devaluation under hyperinflationary accounting condition, the implemented foreign currency investments strategy generates financial result, which also needs to be adjusted.

Hyperinflation related adjustments are applied starting in 2024 and retroactively restated for the prior year.

Over the last twelve months, **Etex's net financial debt remained stable, at EUR 1,174 million at the end of June 2024, compared to EUR 1,140 million at the end of June 2023**. This success is attributed to strong working capital management, even while Etex continued to invest significantly in its future through capital expenditure in factories and the acquisition of Australia's plasterboard and fibre cement businesses of BGC. The net financial debt/REBITDA stood at 1.7x at the end of June 2024, up from 1.6x in the same period for 2023.

Revenue by geography and division

Etex saw a general downward trend across most regions, except for Australia. In terms of division, a similar trend is evident, except for the Industry division - specialising in fire protection and high performance insulation - which experienced year-on-year growth.

The Building Performance division, specialising in plasterboard and fibre cement boards, registered a like-for-like[1] revenue decrease of 6% year-on-year to reach EUR 1,184 million. Sales are down mostly due to market drops in Europe and Latin America, impacting volumes.

The Exteriors division, which focuses on fibre cement exterior solutions, decreased by 5% like-for-like[1] year-on-year to EUR 270 million. This is explained by lower volumes across most of division's categories.

The revenue of Etex's Industry division, centred around fire protection and high performance insulation, increased by 5% like-for-like[1] year-on-year to reach EUR 167 million. This performance is due to strong margins and volumes across almost all segments of the division.

The Insulation division, with glass mineral wool and extruded polystyrene (XPS), saw a revenue decrease by 7% like-for-like[1] year-on-year to EUR 280 million. Sales are down due to volumes below those of the first half of the year in 2023.

The revenue of the New Ways division, based on high-tech offsite solutions, decreased by 15% like-for- like[1] year-on-year to EUR 29 million, following deteriorated market conditions in the division's key geography of the UK.

Key developments

On the **mergers, acquisitions and divestments** side, Etex closed the acquisition of Australian construction materials company BGC's plasterboard and fibre cement businesses at the end of February 2024. This deal allows Etex to expand its sustainable activities and capitalise on significant growth opportunities in the attractive Australian and New Zealand markets.

Etex's achievements in the first half of 2024 regarding its "**Sustainability and Innovation**" driver demonstrate that the company is making significant progress towards its 2030 sustainability ambitions. Highlights include:

- **Committing to the Science Based Targets initiative (SBTi)**. Through this initiative (achieved in last April), Etex intends to set near- and long-term company-wide emission reduction targets aligned with scientific consensus and the ambitious goals of the Paris Agreement, aiming to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

- Carrying out a double materiality assessment. With this exercice, Etex defined its material topics which is a major step in getting us ready for CSRD compliance in 2026.

- Etex releasing its **second combined annual report**. In this report, the company presents on an equal footing its economic, social and environmental footprint and performance.

When it comes to its priority of "**Engaged people**", Etex:

- Registered significant improvements in its company-wide **"Me & Etex" employee engagement survey** with a 86% response rate, up 2% compared to 2022, and a 84% favourable sustainable engagement score.

- Has appointed **Hans Van Der Steen as the new Head of Division for Exteriors** since 1 May 2024.

- Welcomed two **new Board Members** with **Gabriel de l'Escaille** and **Fabrice Le Garrec,** following Etex's General Shareholders meeting in late May.

In February, Etex signed the **Antwerp declaration for a European Industrial Deal** which outlines ten concrete asks aimed at bringing greater clarity and predictability in EU industrial policy. By supporting this declaration, Etex affirmed its commitment for an EU Industrial Deal to complement the Green Deal.

Cautious outlook and responsive approach for the rest of 2024

Similar to the past months and years, Etex will continue its careful and regular assessment and adaptation to the volatile situation. These elements combined should help Etex keep delivering good results, in line with the company's expectations for the year.

Condensed consolidated Interim financial statements

The condensed consolidated interim financial statements as of June 30, 2024 as well as the related explanatory notes have not been subject to a review of PwC Bedrijfsrevisoren.

Condensed consolidated income statement

For the six months ended (in thousands of EUR)	Notes	June 2023	June 2024
Revenue	(1)	**2,015,391**	**1,931,098**
Cost of sales		-1,383,332	-1,321,418
Gross profit		**632,058**	**609,680**
Distribution expenses		-225,956	-243,870
Administrative and general expenses		-108,344	-105,924
Other operating charges & income		-13,570	-16,202
Operating income before non-recurring items		**284,188**	**243,683**
Other non-recurring items	(2)	-34,195	-39,462
Operating income (EBIT)		**249,993**	**204,221**
Interest income	(3)	13,661	23,156
Interest expenses	(3)	-32,490	-49,412
Other financial income	(3)	88,492	32,925
Other financial expense	(3)	-31,846	-42,886
Share of profit in equity accounted investees		422	487
Share of profit from companies held for sale		5,871	-
Non-recurring items specific to equity accounted investees		-497	-
Profit before income tax		**293,607**	**168,492**
Income tax expense	(4)	-89,942	-61,787
Profit for the year		**203,665**	**106,705**
Attributable to shareholders of Etex		200,081	106,689
Attributable to non-controlling interests		3,584	16
Earnings per (group) share (in euro)		2.56	1.36
Diluted earnings per (group) share (in euro)		2.56	1.36

Condensed consolidated statement of comprehensive income

For the six months ended (in thousands of EUR)	June 2023	June 2024
Profit for the year	**203,665**	**106,705**
Remeasurements in employee benefit obligations	-13,225	-27,537
Income tax effect	*3,193*	*6,761*
Net other comprehensive income not to be reclassified to income statement in subsequent periods	**-10,033**	**-20,776**
Changes in cash flow hedge reserves	-78,933	12,115
Income tax effect	*19,704*	*-3,025*
Exchange differences on translation of foreign operations	-28,177	-8,552
Net other comprehensive income to be reclassified to income statement in subsequent periods	**-87,406**	**538**
Other comprehensive income, net of tax	**-97,438**	**-20,238**
Total comprehensive income for the period, net of tax	**106,227**	**86,467**
Attributable to shareholders of Etex	110,853	90,767
Attributable to non-controlling interests	-4,626	-4,299

Condensed consolidated statement of financial position

At the end of the period (in thousands of EUR)	Notes	Dec. 2023	June 2024
Non-current assets		**3,561,555**	**3,610,460**
Property, plant and equipment		2,157,381	2,187,251
Property, plant and equipment - owned		*2,003,839*	*2,019,945*
Property, plant and equipment - leased		*153,542*	*167,305*
Goodwill	(5)	725,563	781,329
Other intangible assets		449,035	422,154
Investment properties		10,266	10,579
Assets held for sale		5,194	5,206
Investments in equity accounted investees		6,977	6,974
Other non-current assets	(6)	29,373	42,586
Deferred tax assets		95,877	91,527
Employee benefits assets	(11)	81,889	62,855
Current assets		**1,122,601**	**1,427,042**
Inventories		483,969	563,271
Trade and other receivables		412,067	532,662
Other current assets		64,077	87,279
Cash and cash equivalents		162,488	243,830
TOTAL ASSETS		**4,684,156**	**5,037,502**

Total equity	(8)	**1,921,685**	**1,983,055**
Issued share capital		*2,533*	*2,533*
Share premium		*743*	*743*
Reserves and retained earnings		*1,888,422*	*1,954,941*
Attributable to the equity shareholders of Etex		1,891,698	1,958,217
Non-controlling interests		29,987	24,838
Non-current liabilities		**1,546,204**	**1,716,513**
Provisions	(9)	104,304	99,949
Employee benefits liabilities	(11)	154,933	152,533
Loans and borrowings	(12)	1,054,279	1,247,796
of which leasing	(12)	*130,914*	*143,933*
Deferred tax liabilities		212,900	198,841
Other non-current liabilities		19,788	17,394
Current liabilities		**1,216,267**	**1,337,934**
Provisions	(9)	48,255	65,123
Current portion of loans and borrowings	(12)	211,261	257,087
of which leasing	(12)	*27,495*	*29,989*
Trade and other liabilities		956,751	935,174
Dividends payables	(8)	-	80,550
TOTAL EQUITY AND LIABILITIES		**4,684,156**	**5,037,502**

Condensed consolidated statement of cash flows

At the end of the period (In thousands of EUR)	Notes	June 2023	June 2024
Operating income (EBIT)		249,993	204,221
Depreciation, amortization and impairment losses - owned		97,366	121,495
Depreciation, amortization and impairment losses - leased assets		15,267	16,466
Losses (gains) on sale of intangible assets and property, plant and equipment		10,166	8,380
Income tax paid		-96,910	-73,974
Changes in working capital, provisions and employee benefits		-78,505	-216,697
Changes in other non-current assets/liabilities		362	622
Cash flow from operating activities		**197,739**	**60,513**
Proceeds from sale of intangible assets and property, plant and equipment		385	649
Acquisition of business		-172,740	-99,974
Cash and cash equivalent scope-in impact of acquired business		19,457	-
Capital expenditure - owned		-106,791	-66,878
Other investing activities (a)		55,260	-
Cash flow from investing activities		**-204,429**	**-166,203**
Proceeds of borrowings		133,557	339,598
Repayment of borrowings		-93,466	-132,806
Interest and dividend received		14,022	23,555
Dividend paid		-1,473	-120
Interest paid		-28,616	-43,260
Cash flow from financing activities		**24,024**	**186,967**
Net increase (decrease) in cash and cash equivalents		**17,334**	**81,277**
Cash and cash equivalents at the beginning of the year		201,300	159,849
Translation differences		15,096	-1,459
Net increase (decrease) in cash and cash equivalents		17,334	81,277
Net cash and cash equivalents at the end of the year		**233,730**	**239,667**
Cash and cash equivalents		*237,560*	*243,830*
Bank overdrafts		*-3,830*	*-4,163*

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

Condensed consolidated statement of changes in equity

Attributable to the equity holders of Etex (Note 8)

in thousands of EUR	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustments	Other reserves and retained earnings	Non-controlling interests	Total Equity
At December 31, 2023	3,276	-19,988	-45,694	-504,846	2,458,950	29,987	1,921,685
Total comprehensive income	-	-	-11,686	-4,237	106,690	-4,299	86,467
Capital increase / (decrease)	-	-	-	-	-	-	-
Dividend	-	-	-	-	-80,509	-241	-80,750
Other equity movements	-	-	-	-	56,261	-609	55,653
Treasury shares	-	-	-	-	-	-	-
At June 30, 2024	3,276	-19,988	-57,380	-509,083	2,541,392	24,838	1,983,055

Attributable to the equity holders of Etex (Note 8)

in thousands of EUR	Issued share capital and share premiums	Treasury shares	Post employment benefits reserves and financial instruments	Cumulative translation adjustments	Other reserves and retained earnings	Non-controlling interests	Total Equity
At December 31, 2022	3,276	-19,988	10,158	-438,878	2,219,610	35,332	1,809,510
Total comprehensive income	-	-	-69,262	-19,967	200,082	-4,626	106,227
Dividend	-	-	-	-	-72,693	-144	-72,837
Other equity movements	-	-	-	-	34,970	67	35,037
Treasury shares	-	-	-	-	-	-	-
At June 30, 2023	3,276	-19,988	-59,104	-458,845	2,381,970	30,629	1,877,938

Condensed clarification on the interim financial statements

Etex N.V. (the “Company”) is a company domiciled in Belgium. The condensed consolidated interim financial statements (“interim financial statements”) comprise the Company and its subsidiaries, interests in jointly controlled entities and equity accounted entities (together referred to as “the Group”) as at 30 June each year.

These interim financial statements have been authorised for issue by the Board of Directors on 29 August 2024.

Statement of compliance

These interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The Group applied the same IFRSs as those adopted in the last annual financial statements, except for the new IFRSs and interpretations the entity adopted as of 1st January 2024. The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 and have been endorsed by the European Union:

- **Amendments to IAS 1 ‘Presentation of Financial Statements: Classification of Liabilities as current or non-current’ (effective 1 January 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 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 amendments and/or interpretations do not have any significant effect on the financial statements.

Basis of preparation

Use of judgement, estimates and assumptions

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

Operating segments

The Group has the following 5 strategic operating segments: Europe, Latin America, Australia, Asia and Africa.

These operating segments are managed separately because they require different marketing strategies. The Group's chief operating decision maker reviews the internal management report of each operating segment at least quarterly. Transactions between the various segments are carried out at arm's length in a manner similar to transactions with third parties. Other segments include minor business, none that met the quantitative thresholds of reportable segments in 2024 and 2023. Information related to each reportable segment is set out below.

In thousands of EUR	Europe		Latin America		Australia		Asia	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Revenue	1,482,939	1,547,599	206,106	236,858	146,991	107,568	47,940	52,673
Operating income before non-recurring items (REBIT)	178,939	220,558	28,803	28,759	24,238	11,511	5,978	6,551
Depreciations, amortizations and impairment losses	96,915	86,308	17,941	10,096	8,412	6,972	3,746	3,947
Recurring operating cash flow (REBITDA)	**275,854**	**306,866**	**46,744**	**38,855**	**32,650**	**18,483**	**9,724**	**10,498**
Non-recurring items	-33,103	-25,707	-1,296	-1,476	-433	-	-332	-541
Operating segment income (EBIT)	**145,836**	**194,851**	**27,508**	**27,283**	**23,806**	**11,511**	**5,645**	**6,010**
Capital expenditures	54,350	76,269	6,294	12,287	1,445	928	1,213	1,030

In thousands of EUR	Europe		Latin America		Australia		Asia	
	June 2024	Dec. 2023	June 2024	Dec. 2023	June 2024	Dec. 2023	June 2024	Dec. 2023
Segment assets	3,638,462	3,540,825	504,789	458,744	395,838	241,291	131,766	130,297
Segment Liabilities	1,394,980	1,411,547	109,306	105,327	79,806	57,398	20,617	22,452
Capital employed	2,958,188	2,835,666	285,483	263,731	327,776	192,287	96,845	95,033

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Revenue	35,415	58,129	11,706	12,564	-	-	1,931,098	2,015,391
Operating income before non-recurring items (REBIT)	5,307	16,602	683	854	-264	-646	243,683	284,189
Depreciations, amortizations and impairment losses	2,052	2,015	418	333	4,105	2,961	133,588	112,633
Recurring operating cash flow (REBITDA)	**7,359**	**18,617**	**1,101**	**1,187**	**3,840**	**2,316**	**377,272**	**396,822**
Non-recurring items	-706	-548	-	-	-3,593	-5,924	-39,462	-34,195
Operating segment income (EBIT)	**4,601**	**16,054**	**683**	**854**	**-3,857**	**-6,569**	**204,221**	**249,993**
Capital expenditures	-833	11,646	336	315	4,073	4,317	66,878	106,791

In thousands of EUR	Africa		Rest of world		Not allocated to operating segments		Total Etex	
	June 2024	Dec. 2023	June 2024	Dec. 2023	June 2024	Dec. 2023	June 2024	Dec. 2023
Segment assets	72,972	90,459	15,204	16,189	278,471	206,352	5,037,502	4,684,156
Segment Liabilities	26,199	36,379	4,011	3,884	1,419,528	1,125,482	3,054,447	2,762,471
Capital employed	41,272	55,938	12,336	13,397	88,304	73,808	3,810,205	3,529,861

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

Explanatory notes

Note 1 – Revenue

Revenue by activity

In thousands of EUR	June 2023	June 2024
Building Performance	1,283,291	1,184,063
Exteriors	318,567	270,426
Insulation	261,972	280,250
Industry	114,286	167,096
New Ways	37,275	29,263
Total	**2,015,391**	**1,931,098**

The activities of Etex Group are not subject to significant seasonality throughout the year, when compared the first semester with the second, and therefore no further disclosure per IAS34.21 is required. Over the last 3 years average sales in the first semester was good for about 48% to 51% of the total full year revenues thanks to the geographical spread of our businesses.

Note 2 – Non-recurring items

In thousands of EUR	June 2023	June 2024
Restructuring costs	-13,519	-16,415
Health claims	-2,442	-2,999
Environmental remediation	-8,940	-11,118
Asset impairment	-	-130
Others	-9,294	-8,801
Total other non-recurring items	**-34,195**	**-39,462**
Non-recurring items	**-34,195**	**-39,462**

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

Restructuring charges in 2024 mainly relate to the closure of the Haulchin plant (France) and related redundancies, impairment and restoration. Restructuring charges in 2023 mainly relates to the closure of the Meldreth plant (UK) and related redundancies and restoration, as well as reorganization within Building Performance division.

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

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

Other non-recurring charges amount to €8,801 thousand in 2024 and are mainly German real estate transfer tax incurred in the context of a merger of legal entities, as well as mainly advisors' fees with respect to acquisition files. In 2023, the other non-recurring charges (€9,294 thousand) are mainly incurred in the context of discontinued operation in France (e-Loft) and from one-off external advisors' fees and stamp duties with respect to acquisitions.

Note 3 – Finance income and expense

The interest income and financial expenses increased as a result of increased short term interest rates.

The other financial income / expenses include:

- Upfront fee expenses for €446 thousand in 2024 (€565 thousand in 2023) in connection with external financial debt which are amortised over the duration of the loan.
- The impact of hyperinflation *monetary losses* in Argentina in 2024 is €-31,747 thousand out of which €-38,356 thousand is generated by the indexation of non-monetary balance sheet items including equity and related deferred taxes, and €6,680 is offsetting the indexation of other captions on income statement (€-11,876 thousand in 2023, €-19,070 from balance sheet and €7,194 offsetting income statement indexation).
- The foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments. The net exchange gain in 2024, excluding the impact of hyperinflation from other financial expenses, is the result of the Group's foreign exchange exposure in mainly Argentina (out of which €21,283 gains related to USD-linked bond revaluation, €27,539 in 2023) and Nigeria on the current financial asset and liabilities in these countries, and the Pound Sterling financial assets / liabilities in European companies.
- Prior year figures also include the unwinding impact of one of our interest rate swap agreements (€55,200 thousand).

Note 4 - Income tax expense

Income taxes, consisting of current and deferred tax, amounted to €-61,787 thousand in 2024 (€-89,942 thousand in 2023) representing an effective tax rate (based on profit before tax and before profit in equity accounted investees) of 36.8% in 2024 (31.3% in 2023). The effective tax rate in both years is negatively impacted by the hyperinflation impact on deferred taxes in Argentina (10.3% in 2024 and 4.1% in 2023).

Etex group has adopted the global minimum tax rules (Pillar Two) in 2024 and recognizes income taxes accordingly. The Group performed monitors the potential exposure to Pillar Two income taxes and concludes that the 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 is expected based on best estimates available per balance sheet date. The exposure is considered as not significant by which no income tax expense related to Pillar Two is included in the income tax expense per June 2024.

Note 5 – Goodwill and business combinations

5.1. Reconciliation of the carrying amount of goodwill

In thousands of EUR	Dec. 2023	June 2024
Gross book value	715,401	731,817
Accumulated impairment losses	-33,369	-6,254
Net book value at the beginning of the year	**682,032**	**725,563**
Additions through business combinations	39,096	52,179
Translation differences	4,435	3,588
Net book value at the end of the year	**725,563**	**781,329**
Gross book value	731,817	787,745
Accumulated impairment losses	-6,254	-6,416

The movements of the year are resulting on the one hand from an increase in the goodwill by €52,179 thousand coming from the 2024 acquisitions (see Note 5.2) and on the other hand from change in translation differences (€3,587 thousand), driven by local currency goodwill in Pound Sterling and Australian Dollar.

In 2023, the movements were the result of (i) the increase of the goodwill by €39,096 thousand from the different acquisition projects completed in 2023 across different divisions 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).

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

In thousands of EUR	Dec. 2023	June 2024
Insulation	512,751	513,797
Building Performance	117,416	168,219
Industry	43,148	46,116
New Ways	40,938	41,892
Exteriors	11,310	11,305
Total	**725,563**	**781,329**

5.2. Business combinations

In March 2024, Etex closed the acquisition of Australian construction materials company BGC's plasterboard and fibre cement businesses. Included in this deal is BGC's plasterboard plant in Western Australia, a 56.000 square metre facility located in Perth, and a strong network of nine warehouses across Australia and New Zealand; for a total consideration of €99,974 thousand.

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.

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

The acquisition cost (including duties) for the 2024 acquisition project amount to €1,632 thousand (€7,042 thousand in 2023).

The fair value of the identifiable assets and liabilities of the business acquired in 2024 and 2023 as at the date of acquisition are disclosed in the following table:

In thousands of EUR	Skamol	Superglass	Betacon	SCALAMID	2023	2024 BGC
Non-current assets	**100,755**	**82,816**	**3,504**	**30,752**	**217,827**	**44,234**
Property, plant and equipment	48,758	72,270	3,495	28,240	152,763	44,234
Property, plant and equipment - owned	47,491	64,507	3,495	28,240	143,733	33,632
Property, plant and equipment - leased	1,267	7,763	-	-	9,030	10,602
Intangible assets	50,081	10,546	-	2,512	63,139	-
Other non-current assets	-	-	9	-	9	-
Deferred tax assets	1,916	-	-	-	1,916	-
Current assets	**39,751**	**42,108**	**116**	**-**	**81,975**	**18,281**
Inventories	10,484	6,469	-	-	16,953	17,682
Trade and other receivables	15,025	11,707	-	-	26,732	599
Current financial assets	10,021	-	101	-	10,122	-
Assets held for sale	-	10,273	-	-	10,273	-
Cash and cash equivalents	4,221	13,659	15	-	17,895	-
TOTAL ASSETS	**140,506**	**124,924**	**3,620**	**30,752**	**299,802**	**62,515**

Non-current liabilities	**23,982**	**17,649**	**-**	**-**	**41,631**	**11,722**
Employee benefits liabilities	67	-	-	-	67	-
Loans and borrowings	7,168	7,763	-	-	14,931	11,722
of which leasing	*1,267*	*7,763*	-	-	*9,030*	*11,722*
Deferred tax liabilities	16,747	9,562	-	-	26,309	-
Other non-current liabilities	-	324	-	-	324	-
Current liabilities	**52,091**	**40,526**	**-**	**-**	**92,617**	**2,998**
Current portion of loans and borrowings	38,357	22,772	-	-	61,129	-
Trade and other liabilities	13,734	17,754	-	-	31,488	2,998
TOTAL LIABILITIES	**76,073**	**58,175**	**-**	**-**	**134,248**	**14,720**
Net identifiable assets and liabilities	**64,433**	**66,749**	**3,620**	**30,752**	**165,554**	**47,795**
Group share	64,433	66,749	3,620	30,752	165,554	47,795
Acquisition price satisfied in cash (Group share)	**80,247**	**90,030**	**3,620**	**30,752**	**204,648**	**99,974**
Goodwill generated	15,815	23,281	-	-	39,096	52,179

The goodwill generated by the 2024 and 2023 acquisitions is explained by the synergies expected from this transaction. The net assets recognised in the 30 June 2024 financial statements were based on a provisional assessment of their fair value while the Group is completing the independent valuation for the assets and liabilities which is not fully finalised by the date interim 2024 financial statements were approved for issue by the Board of Directors. As the valuation was not finalised and a part of the net asset valuation of 2023 was not finalised, the disclosed goodwill for the 2024 and 2023 acquisitions is only provisional.

The revenue and net result group share contribution to the 2024 consolidated income statement of the acquired businesses amount to respectively €38,381 thousand and €5,487 thousand.

The revenue and net result of the period (group share) of the combined entities acquired during 2024 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 €56,045 thousand and €9,075 thousand.

5.3 Acquisitions on non-controlling interests

Within the share purchase agreement of the acquisition project Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares (40%). In June 2024 Etex group acquired 20% of the remaining shares. At period end June 2024 the call/put option for the remaining 20% is measured at fair value and qualified as financial liability amounting to €2,631 thousand (€5,849 thousand in 2023). We also refer to Note 12 – Loans and borrowings.

5.4 Impairment testing of goodwill and capital employed

Impairment reviews were performed in 2024, by comparing the carrying value of capital employed including goodwill with the recoverable amount of the cash-generating unit to which goodwill has been allocated. There was no need for any additional impairment. Etex management will closely monitor the impact of macro-economic evolution.

Note 6 – Other non-current assets

The increase in Other non-current assets in June 2024 compared to December 2023 is mainly the result of the fair value remeasurement of the interest rate swap agreements and a loan to the pension fund in the UK. We also refer to Note 7 - Risk management and financial derivates.

Note 7 – Risk management and financial derivatives

Risk management

There are no material changes related to the risks and uncertainties for the Group as explained in the 2023 consolidated financial statements.

Financial derivatives

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

The following table provides an overview of the outstanding derivative financial instruments at 30 June 2024 compared to 31 December 2023:

	Dec. 2023		June 2024	
In thousands of EUR	Fair value	Carrying amount	Fair value	Carrying amount
Foreign exchange contracts				
Assets	3,162	3,162	307	307
Liabilities	-2,477	-2,477	-4,308	-4,308
Commodity contracts (Level 2 fair value hierarchy)				
Liabilities	-16,958	-16,958	-6,975	-6,975
Interest rate swaps (Level 2 fair value hierarchy)				
Assets	37,356	37,356	41,534	41,534
Total	**21,083**	**21,083**	**30,557**	**30,557**

The following table indicates in which caption of total comprehensive income, the changes in fair value of the derivative financial instruments outstanding at 30 June 2024, 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	-2,754	-	-	-	-101
Liabilities	113	-	-	-	-1,945
Commodity contracts					
Liabilities	-	-	-	-	9,983
Interest rate swaps					
Assets	-	-	-	-	4,178
Total	**-2,641**	**-**	**-**	**-**	**12,115**

Note 8 – Equity

Dividend

In June 2024, a total amount of €80,509 thousand was declared as dividends by the General Shareholders' Meeting of Etex N.V. (a gross dividend of €1.03 per share). The dividend has been accrued for in these interim financial statements and has been paid early July 2024.

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

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, 2023	**2,533**	**743**	**3,276**	**-61,161**	**15,467**	**-45,694**
Total comprehensive income	-	-	-	-20,776	9,090	-11,686
At June 30, 2024	**2,533**	**743**	**3,276**	**-81,937**	**24,557**	**-57,380**

in thousands of EUR	Issued share capital	Share premiums	Issued share capital and share premiums	Post employment benefits reserves	Financial instruments	Post employment benefits reserves and financial instruments
At December 31, 2022	**2,533**	**743**	**3,276**	**-84,924**	**95,083**	**10,158**
Total comprehensive income	-	-	-	-10,033	-59,229	-69,262
At June 30, 2023	**2,533**	**743**	**3,276**	**-94,958**	**35,854**	**-59,104**

Other equity movements

The 2024 Other equity movements of €55,653 thousand (and the 2023 Other equity movements of €35,037 thousand) mainly relate to the translation effects of IAS 29 (hyperinflation accounting) in Argentina impacting reserves and retained earnings, part of the monetary losses in the income statement (refer to Note 3), and the impact of the call/put option remeasurement linked to the Evolution Innovation Group acquisition.

Note 9 – Provisions

In thousands of EUR	Warranty	Health claims	Litigation	Others	Total
At 31 December 2023	**30,538**	**50,103**	**8,129**	**63,789**	**152,559**
Additional provisions made	1,249	800	288	25,273	27,610
Amounts utilised during the year	-616	-2,574	-231	-10,025	-13,446
Unused amounts reversed	-206	-237	-263	-1,037	-1,743
Translation differences	15	-72	-75	224	92
At 30 June 2024	**30,980**	**48,020**	**7,848**	**78,224**	**165,072**
Non-current at the end of the period	21,347	42,698	5,425	30,479	99,949
Current at the end of the period	9,633	5,322	2,423	47,745	65,123

Warranty provisions

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

Health claims provision

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

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

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

Litigation provisions

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

Other provisions

Other provisions include mainly estimated future outflows for environmental obligations, CO2 emission rights, and restructuring.

The Group meets all obligations imposed by relevant laws with respect to CO2 emission rights, land decontamination and site restoration. Where requested, necessary expenses are made and provision for future estimated costs are set-up. At 30 June 2024, these provisions amount to €26,878 thousand (€29,333 thousand in 2023). Restructuring provisions relate mainly to restructuring of companies in France.

Note 10 – Commitments and contingencies

No important changes occurred during the first 6 months of 2024 relating to commitments and contingencies which have been disclosed in the 2023 consolidated financial statements.

Note 11 – Employee benefits

For the measurement of its post-employment benefits as at June 30, 2024, the Group remeasured the calculations based on roll-forward procedures i.e. no detailed calculations per member of a plan. The discount rate and inflation rates used for all material countries have been updated and are based on the same methodology as at year-end 2023. All other assumptions among which the demographic assumptions are the same as year-end 2023.

Pension liabilities net of assets increased from €73,044 thousand as of 31 December 2023 to €89,678 thousand at the end of June 2024. The increase of the net liability is mainly driven by the decrease in the pension fund asset values in the United Kingdom and Ireland, exceeding the small actuarial gains resulting from the increase in the discount rates.

Note 12 – Loans and borrowings

In thousands of EUR	Dec. 2023	June 2024
Bank loans	913,809	1,100,464
Other financial loans	9,555	3,399
Obligations under leases	130,914	143,933
Total non-current financial liabilities	**1,054,278**	**1,247,796**

In thousands of EUR	Dec. 2023	June 2024
Bank loans	4,393	50,169
Bank overdrafts	2,639	4,163
Other financial loans	176,733	172,766
Obligations under leases	27,495	29,989
Total current financial liabilities	**211,260**	**257,087**

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 €340 million per June 2024 (drawn at €100 million per end of 2023). Etex also uses Schuldschein loans (outstanding from 2022) for a total amount of €800 million (€800 million in December 2023) and a Commercial Paper program of €300 million, drawn at €125.7 million per June 2024 (€134 million per end of 2023).

In December 2022, Etex signed the documentation for an additional Syndicated Credit Facility of €300 million, maturing in October 2025, with a pool of 9 banks. Objective of this additional financing was to increase the group liquidity in view of the geopolitical developments. That new, additional Syndicated Credit Facility was drawn at €0 million per June 2024 (€0 million in December 2023).

In 2024, Etex continued using its €300 million non-recourse Factoring Program, 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 June 2024, €247.1 million were financed through that program, out of which €206 million was eligible for trade receivables derecognition. Within the URSA scope of acquired companies, a non-recourse factoring program is running for an additional non-recourse factoring financing of €37 million, derecognized from the trade receivables.

Transaction costs on the Syndicated Loan of 2018 and 2022 and on the new Schuldschein Loan of 2022 have been deducted from the loan at initial recognition and are being amortised over the life of the extended loan. The amount still to be amortized at June 2024 amounts to €2,277 thousand (€2,723 thousand at the end of 2023).

Within the share purchase agreement of the acquisitions project Evolusion Innovation Group (2021) a call/put option clause was integrated to acquire the remaining shares (40%). In June 2024 Etex group acquired 20% of the remaining shares. At June 2024 the call/put option is measured at fair value and qualified as financial liability amounting to €2,631 thousand (€5,849 thousand at the end of 2023).

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 €15.2 million at June 2024 (€23.5 million end of 2023), predominately in Nigeria.

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

Net financial debt

The net financial debt position is calculated as follows:

In thousands of EUR	Dec. 2023	June 2024
Non-current loans and borrowings	1,054,279	1,247,796
Current portion of loans and borrowings	211,261	257,087
Current financial assets	-64,075	-87,279
Cash and cash equivalents	-162,488	-243,830
Net financial debt	**1,038,977**	**1,173,774**

Note 13 – Transactions with related parties

Transactions between Etex and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not included in the notes. The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended 31 December 2023 and hence no updated information is included in these interim financial statements.

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

Note 14 – Subsequent events

No subsequent events occurred which could have a significant impact on the interim financial statements of the group per 30 June 2024.