ETEX NORDIC A/S

Vendersgade 74, 3., 7000 Fredericia
CVR-nr. 78 61 18 12

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 2 July 2025

Johan Leo

BDO Statsautoriseret revisionsaktieselskab
Kolding Åpark 8A, 7. sal
DK-6000 Kolding
CVR no. 20 22 26 70

Tel.: +45 76 35 56 00
kolding@bdo.dk
www.bdo.dk

Contents

Company Details

Company	ETEX NORDIC A/S Vendersgade 74, 3. 7000 Fredericia	
	CVR No.:	78 61 18 12
	Established:	26 June 1985
	Municipality:	Fredericia
	Financial Year:	1 January - 31 December
Board of Directors	Johan Leo, chairman Hans Van Der Steen Laurent Vincent P Maroy	
Executive Board	Laurent Vincent P Maroy	
Auditor	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding	
Bank	BNP Parlbas Adelgade 12, 3rd floor 1304 Copenhagen K	
Law Firm	DLA Piper Denmark Oslo Plads 2 2100 Copenhagen Ø	

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ETEX NORDIC A/S for the financial year 1 January - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Fredericia, 2 July 2025

Executive Board

Laurent Vincent P Maroy

Board of Directors

Johan Leo Chairman	Hans Van Der Steen	Laurent Vincent P Maroy

Independent Auditor's Report

To the Shareholder of ETEX NORDIC A/S

Opinion

We have audited the Financial Statements of ETEX NORDIC A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements 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 and the additional requirements applicable in Denmark 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 Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the audit of the financial statement to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Independent Auditor's Report

Statement on Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Kolding, 2 July 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jørn Holm
State Authorised Public Accountant
MNE no. mne35808

Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Gross profit/loss	25.863	24.868	36.026	38.439	31.920
Operating profit/loss of main activities	-8.274	-12.651	-1.445	2.150	-7.051
Financial income and expenses, net	1.135	1.316	-87	-173	-702
Profit/loss for the year	-7.768	-10.713	-660	-1.181	-4.981
Balance sheet					
Total assets	72.910	93.650	137.316	142.135	143.949
Equity	48.442	56.190	67.144	67.177	68.282
Investment in property, plant and equipment	-3.498	-1.792	-2.607	-1.176	-780
Average number of full-time employees	**41**	**50**	**55**	**55**	**52**
Key ratios					
Equity ratio	66,4	60,0	48,9	47,3	47,4
Return on equity	-14,8	-17,4	-1,0	-1,7	-7,0

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: $\frac{\text{Equity, at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Management Commentary

Principal activities
The principal activities comprised marketing and distribution of construction products, primarily in fibre cement within the main groups fire-proof building boards, roofing products, cladding systems, etc. The products are sold in the Nordic countries.

Our main commercial brands:

Exteriors

We bring aesthetically attractive and high-performing fibre cement exterior solutions to the residential, architectural and agricultural sectors.

Cedral offers beautiful solutions tailored to each personality and living space, enabling true personalisation. For roofs, facades, Cedral offers unique, attractive and high-performing products. Out fibre cement slates shelter and protect homes, our sidings bring creative visions to life.

Equitone is our global brand for architectural fibre cement facade materials. We work with and for architects to design smart and resilient materials to reduce environmental impact. Our customers are all architects who seek new ways to build beyond accepted standards - actively influencing positive change.

Euronit/Ivarcem corrugated sheets offer strength and resilience, bringing good value for money to agricultural buildings, houses and industrial applications around the world.

Etex Building Performance
Promat and Masterboard are our brands for passive fire protection, high-temperature applications and intumescent seals. These products are used in applications as diverse as residential, sports and leisure, healthcare, hospitality, offices, education, bridges and tunnels.

Industry
Microtherm is our global specialist in ultrathin and lightweight microporous insulation materials, used in a wide range of industrial applications. As the industry benchmark since 1961. It is designed for extreme temperature conditions and is available in various delivery forms; rigid, flexible and vacuum insulated panels, machined parts and mouldable and pourable products. Spanning our Industry and Building Performance divisions, Promat is our global brand for passive fire protection high temperature applications and intumescent seals. We supply a range of products worldwide, including ducting, structural protection, compartmentation, insulation and fire-stopping solutions. These products are used in applications as diverse as fire doors, fire dampers, furnaces, industrial piping, structural steel and cruise ships.

Development in activities and financial and economic position
The Income statement for 2024 shows a loss of TDKK 7.768 against a loss of DKK 10.713 last year, and the balance sheet as of 31 December 2024 shows equity of TDKK 48.442. Management considers the Company's financial performance in the year not satisfactory; we are implementing strategies to ensure stronger financial performance in the coming year.

In 2024 the company has terminated the tenancy in Rødekro and has left the tenancy in 2024. The company has beside ordinary depreciation also recognized an extraordinary impairment loss, amount 2,4 mio. DKK, on tangible fixed assets in 2024. Furthermore the company has returned goods to the group at the end of the year. These acitivities is one of the reasons the result i lower than expected combined with lower sales than estimated.

Management Commentary

Profit/loss for the year compared to the expected development

The Income statement for 2024 shows a loss of TDKK 7.768. When compared to the expected outcome, the result is disappointing and is worse than expected, primarily because of less activity and the terminated tenancy in Rødekro. The company has beside ordinary depreciation also recognized an extraordinary impairment loss, amount 2,4 mio. DKK, on tangible fixed assets in 2024. While 2024 results were below expectations, we are implementing strategies to ensure stronger financial performance in the coming year.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

Research and development activities

At Etex, our innovation is built on three pillars: Sustainability, New Applications, and Quality & Cost Excellence.

We strive to become an industry leader in sustainability and recognise the importance of collaboration and partnership.

To enhance our sustainability efforts, we have established a dedicated team and an open innovation platform to connect with external innovators and focus on sustainable solutions. We are actively researching and testing secondary raw materials to reduce our environmental impact.

R&D is key to our growth, and we are committed to delivering results safely and to the best of our ability. Therefore, we plan to increase our investment in decarbonisation and circularity R&D in the coming years.

Future expectations

The construction industry in both professional and private projects are affected by price increase and higher interest rates, and therefore we also expect 2025 to be a challenging year. We expect a result for 2025 in the range of -7.000 to -9.000 TDKK.

The Company's foreign branches

In the financial year under review Etex Nordic A/S had sales branches in Norway and Sweden.

Income Statement 1 January - 31 December

	Note	2024 DKK	2023 DKK '000
Gross profit		**25.863.477**	**24.868**
Staff costs	1	-26.731.717	-32.113
Depreciation, amortisation and impairment losses	2	-7.405.417	-5.406
Operating loss		**-8.273.657**	**-12.651**
Financial income	3	1.918.926	2.314
Financial expenses	4	-784.069	-998
Loss before tax		**-7.138.800**	**-11.335**
Tax for the year	5	-629.483	622
Loss for the year	6	**-7.768.283**	**-10.713**

Balance Sheet at 31 December

Assets

	Note	2024 DKK	2023 DKK '000
Goodwill		0	0
Intangible assets	7	**0**	**0**
Land and buildings		717.735	2.772
Plant and machinery		1.040	1.289
Other fixtures and fittings, tools and equipment		1.691.902	2.248
Leasehold improvements		0	9
Property, plant and equipment	8	**2.410.677**	**6.318**
Rent deposit and other receivables		314.421	498
Financial non-current assets	9	**314.421**	**498**
Non-current assets		**2.725.098**	**6.816**
Finished goods and goods for resale		3.012.741	12.924
Inventories		**3.012.741**	**12.924**
Trade receivables	10	10.226.971	7.886
Receivables from group enterprises		41.000.877	57.325
Other receivables		6.784.086	11
Income taxes		8.709.207	7.794
Prepayments	11	325.202	774
Receivables		**67.046.343**	**73.790**
Cash and cash equivalents		**125.691**	**120**
Current assets		**70.184.775**	**86.834**
Assets		**72.909.873**	**93.650**

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK	2023 DKK '000
Share capital	12	4.300.000	4.300
Retained earnings		44.142.149	51.890
Equity		**48.442.149**	**56.190**
Other provisions	13	3.781.400	9.348
Provisions		**3.781.400**	**9.348**
Lease liabilities		1.661.935	2.857
Non-current liabilities	14	**1.661.935**	**2.857**
Bank debt		31.824	2.748
Lease liabilities		3.556.681	3.458
Trade payables		3.183.030	3.768
Debt to Group companies		3.686.404	4.736
Corporation tax payable		306.093	0
Other liabilities		8.260.357	10.545
Current liabilities		**19.024.389**	**25.255**
Liabilities		**20.686.324**	**28.112**
Equity and liabilities		**72.909.873**	**93.650**
Contingencies etc.	15		
Related parties	16		
Consolidated Financial Statements	17		

Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2024	4.300.000	51.890.667	56.190.667
Proposed profit allocation, see note 6		-7.768.283	-7.768.283
Other legal bindings			
Foreign exchange adjustments		19.765	19.765
Equity at 31 December 2024	**4.300.000**	**44.142.149**	**48.442.149**

Notes

	2024 DKK	2023 DKK '000
1 | Staff costs		
Average number of full time employees	41	50
Wages and salaries	24.451.003	29.500
Pensions	2.125.432	2.428
Social security costs	155.282	185
	26.731.717	**32.113**

By reference to section 98b (3), (II) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

2 | Special items

The company has beside ordinary depreciation also recognized an extraordinary impairment loss, amount 2,4 mio. DKK, on tangible fixed assets in 2024. The impairment loss is recognized as Depreciation, amortisation and impairment losses.

3 | Financial income		
Interest income, group enterprises	1.901.187	2.226
Other interest income	17.739	88
	1.918.926	**2.314**

4 | Financial expenses		
Interest expenses. group entities	59.347	34
Other interest expenses	724.722	964
	784.069	**998**

5 | Tax for the year		
Estimated tax charge for the year	489.293	-2.343
Tax adjustments, prior years	140.190	261
Deferred tax adjustments in the year	0	1.460
	629.483	**-622**

6 | Proposed distribution of profit		
Retained earnings	-7.768.283	-10.713
	-7.768.283	**-10.713**

Notes

7 | Intangible assets

DKK	Goodwill
Cost at 1 January 2024	3.948.740
Cost at 31 December 2024	**3.948.740**
Amortisation at 1 January 2024	3.948.740
Amortisation at 31 December 2024	**3.948.740**
Carrying amount at 31 December 2024	**0**

8 | Property, plant and equipment

DKK	Land and buildings	Plant and machinery
Cost at 1 January 2024	18.660.948	4.725.502
Additions	2.693.875	0
Cost at 31 December 2024	**21.354.823**	**4.725.502**
Depreciation and impairment losses at 1 January 2024	15.887.187	3.436.264
Impairment losses	1.238.636	971.765
Depreciation for the year	3.511.265	316.433
Depreciation and impairment losses at 31 December 2024	**20.637.088**	**4.724.462**
Carrying amount at 31 December 2024	**717.735**	**1.040**
Finance lease assets	717.735	1.040

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2024	4.661.098	120.087
Additions	803.627	0
Cost at 31 December 2024	**5.464.725**	**120.087**
Depreciation and impairment losses at 1 January 2024	2.414.517	111.527
Impairment losses	199.797	0
Depreciation for the year	1.158.509	8.560
Depreciation and impairment losses at 31 December 2024	**3.772.823**	**120.087**
Carrying amount at 31 December 2024	**1.691.902**	**0**
Finance lease assets	1.653.435	

Notes

9 | Financial non-current assets

DKK	Rent deposit and other receivables
Cost at 1 January 2024	498.821
Disposals	-184.400
Cost at 31 December 2024	**314.421**
Carrying amount at 31 December 2024	**314.421**

10 | Trade receivables

The company has received cash under a non-recourse factoring and credit insurance facility. Continuing involvement for late payment risk is not significant. Trade receivables for which payment has been received through the factoring arrangement has been derecognized from the balance sheet.

	2024 DKK	2023 DKK '000

11 | Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent and other prepaid expenses.

	2024 DKK	2023 DKK '000
Rent and other prepaid expenses	325.202	774
	325.202	**774**

12 | Share capital

Allocation of share capital:
(All shares rank equally.)

	2024 DKK	2023 DKK '000
Share Capital, 86 unit in the denomination of 50.000 DKK	4.300.000	4.300
	4.300.000	**4.300**

13 | Other provisions

Other provisions comprimise provisions for warranty commitments. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is one year. The recognized amount is 460 TDKK.

Other provisions comprimise provision for claims against the company. These claims relate to actual warranty claims against the company. The recognized amount for these claims is 3.321 TDKK. The provisions is expected to be settled between 1-5 years. For detailed description of the recognized provision refer to note 14 "Contingencies etc."

Notes

14 | Long-term liabilities

DKK	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Lease liabilities	5.218.616	3.556.681	0	6.315.023
	5.218.616	**3.556.681**	**0**	**6.315.023**

15 | Contingencies etc.

Contingent assets
The company has a taxable loss which is not recognised. The taxable loss has a potential value of 10.869 TDKK in case if the taxable loss will be used.

Contingent liabilities
As mentioned in note 9 the company has received cash under non-recourse factoring and credit insurance arrangement. Continuing involvement for late payment risk is not significant, but the the company shall repurchase non-eligible receivables. The risk is not significant because of the credit insurance agreement.

The Company is subject to claims related to magnesium-oxide boards sold in the Nordics in 2010-2013.

As per note 12 "Other provisions", claims against the company has been recognized at 3.321 TDKK. The actual claims against the company are significantly higher. It is the managements assessment that the provision reflects the expected liability for the company based on the historical claims, expectations of settlement negotiations and insurance coverage. The provision is reduced from 2023 to 2024 as more claims have been settled in 2024.

Joint liabilities
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group’s joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group’s joint taxable income is stated in the annual report of Etex Holding Denmark ApS, which serves as management Company for the joint taxation.

16 | Related parties

The Company's related parties include:

Controlling interest
Parent: Etermat SAS, France
Ultimate parent: Etex NV., Belgium

Transactions with related parties
The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No intra-group transactions have been found that have not been on market terms.

17 | Consolidated Financial Statements

The company is included in the consolidated financial statements for Etex NV.

Accounting Policies

The Annual Report of ETEX NORDIC A/S for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

The Annual Report is prepared with the following accounting principles.

Income Statement

Net revenue
Revenue from contracts with customers is recognised on the basis of transfer of control, which according to IFRS 15 takes place at the time when control of the product/service delivered passes to the customer.

Control is considered passed to the customer when:

- a binding sales agreement has been made;
- delivery has been made before the end of the financial year;
- the selling price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Accounting Policies

Balance Sheet

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	7 years	0 %
Production plant and machinery	15 years	0 %
Other plant, fixtures and equipment	3-5 years	0 %
Leasehold improvements	3 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts
Lease contracts are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate according to IFRS 16. Assets acquired under leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The Company has chosen to apply the exemptions concerning short-term, low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Financial non-current assets
Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets
The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

Accounting Policies

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

Accounting Policies

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group - Etex NV.